

REFERENCE TITLE: K-12 education; budget reconciliation

State of Arizona
House of Representatives
Forty-eighth Legislature
Second Regular Session
2008

HB 2871

Introduced by
Representatives Boone, McComish (with permission of committee on Rules)

AN ACT

AMENDING SECTIONS 15-185, 15-302, 15-393, 15-448 AND 15-481, ARIZONA REVISED STATUTES; REPEALING SECTION 15-482, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-901, 15-903, 15-913 AND 15-913.01, ARIZONA REVISED STATUTES; REPEALING SECTION 15-942, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-943.01, 15-945, 15-951, 15-1102, 15-1371, 15-1372, 15-2031, 15-2104 AND 41-1276, ARIZONA REVISED STATUTES; AMENDING LAWS 2008, CHAPTER 53, SECTIONS 24 AND 25; MAKING APPROPRIATIONS; RELATING TO EDUCATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-185, Arizona Revised Statutes, is amended to
3 read:

4 15-185. Charter schools; financing; civil penalty; definitions

5 A. Financial provisions for a charter school that is sponsored by a
6 school district governing board are as follows:

7 1. The charter school shall be included in the district's budget and
8 financial assistance calculations pursuant to paragraph 3 of this subsection
9 and chapter 9 of this title, except for chapter 9, article 4 of this title.
10 The charter of the charter school shall include a description of the methods
11 of funding the charter school by the school district. The school district
12 shall send a copy of the charter and application, including a description of
13 how the school district plans to fund the school, to the state board of
14 education before the start of the first fiscal year of operation of the
15 charter school. The charter or application shall include an estimate of the
16 student count for the charter school for its first fiscal year of operation.
17 This estimate shall be computed pursuant to the requirements of paragraph 3
18 of this subsection.

19 2. A school district is not financially responsible for any charter
20 school that is sponsored by the state board of education or the state board
21 for charter schools.

22 3. A school district that sponsors a charter school may:

23 (a) Increase its student count as provided in subsection B, paragraph
24 2 of this section during the first year of the charter school's operation to
25 include those charter school pupils who were not previously enrolled in the
26 school district. A charter school sponsored by a school district governing
27 board is eligible for the assistance prescribed in subsection B, paragraph 4
28 of this section. The soft capital allocation as provided in section 15-962
29 for the school district sponsoring the charter school shall be increased by
30 the amount of the additional assistance. The school district shall include
31 the full amount of the additional assistance in the funding provided to the
32 charter school.

33 (b) Compute separate weighted student counts pursuant to section
34 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
35 school pupils in order to maintain eligibility for small school district
36 support level weights authorized in section 15-943, paragraph 1 for its
37 noncharter school pupils only. The portion of a district's student count
38 that is attributable to charter school pupils is not eligible for small
39 school district support level weights.

40 4. If a school district uses the provisions of paragraph 3 of this
41 subsection, the school district is not eligible to include those pupils in
42 its student count for the purposes of computing an increase in its revenue
43 control limit and district support level as provided in section 15-948.

44 5. A school district that sponsors a charter school is not eligible to
45 include the charter school pupils in its student count for the purpose of

1 computing an increase in its capital outlay revenue limit as provided in
2 section 15-961, subsection C, except that if the charter school was
3 previously a school in the district, the district may include in its student
4 count any charter school pupils who were enrolled in the school district in
5 the prior year.

6 6. A school district that sponsors a charter school is not eligible to
7 include the charter school pupils in its student count for the purpose of
8 computing the revenue control limit which is used to determine the maximum
9 budget increase as provided in chapter 4, article 4 of this title unless the
10 charter school is located within the boundaries of the school district.

11 7. If a school district converts one or more of its district public
12 schools to a charter school and receives assistance as prescribed in
13 subsection B, paragraph 4 of this section, and subsequently converts the
14 charter school back to a district public school, the school district shall
15 repay the state the total additional assistance received for the charter
16 school for all years that the charter school was in operation. The repayment
17 shall be in one lump sum and shall be reduced from the school district's
18 current year equalization assistance. The school district's general budget
19 limit shall be reduced by the same lump sum amount in the current year.

20 B. Financial provisions for a charter school that is sponsored by the
21 state board of education or the state board for charter schools are as
22 follows:

23 1. The charter school shall calculate a base support level as
24 prescribed in section 15-943, except that ~~sections~~ SECTION 15-941 ~~and 15-942~~
25 ~~do~~ DOES not apply to these charter schools.

26 2. Notwithstanding paragraph 1 of this subsection, the student count
27 shall be determined initially using an estimated student count based on
28 actual registration of pupils before the beginning of the school year. After
29 the first one hundred days or two hundred days in session, as applicable, the
30 charter school shall revise the student count to be equal to the actual
31 average daily membership, as defined in section 15-901, or the adjusted
32 average daily membership, as prescribed in section 15-902, of the charter
33 school. Before the one hundredth day or two hundredth day in session, as
34 applicable, the state board of education or the state board for charter
35 schools may require a charter school to report periodically regarding pupil
36 enrollment and attendance and the department of education may revise its
37 computation of equalization assistance based on the report. A charter school
38 shall revise its student count, base support level and additional assistance
39 before May 15. A charter school that overestimated its student count shall
40 revise its budget before May 15. A charter school that underestimated its
41 student count may revise its budget before May 15.

42 3. A charter school may utilize section 15-855 for the purposes of
43 this section. The charter school and the department of education shall
44 prescribe procedures for determining average daily attendance and average
45 daily membership.

1 4. Equalization assistance for the charter school shall be determined
2 by adding the amount of the base support level and additional assistance.
3 The amount of the additional assistance is one thousand four hundred
4 ~~forty-five~~ SEVENTY-FOUR dollars ~~twenty-five~~ SIXTEEN cents per student count
5 in kindergarten programs and grades one through eight and one thousand ~~six~~
6 SEVEN hundred ~~eighty-four~~ EIGHTEEN dollars ~~forty-one~~ TEN cents per student
7 count in grades nine through twelve.

8 5. The state board of education shall apportion state aid from the
9 appropriations made for such purposes to the state treasurer for disbursement
10 to the charter schools in each county in an amount as determined by this
11 paragraph. The apportionments shall be made in twelve equal installments of
12 the total amount to be apportioned during the fiscal year on the fifteenth
13 day of each month of the fiscal year.

14 6. Notwithstanding paragraph 5 of this subsection, if sufficient
15 appropriated monies are available after the first forty days in session of
16 the current year, a charter school may request additional state monies to
17 fund the increased state aid due to anticipated student growth through the
18 first one hundred days or two hundred days in session, as applicable, of the
19 current year as provided in section 15-948. In no event shall a charter
20 school have received more than three-fourths of its total apportionment
21 before April 15 of the fiscal year. Early payments pursuant to this
22 subsection must be approved by the state treasurer, the director of the
23 department of administration and the superintendent of public instruction.

24 7. The charter school shall not charge tuition, levy taxes or issue
25 bonds.

26 8. Not later than noon on the day preceding each apportionment date
27 established by paragraph 5 of this subsection, the superintendent of public
28 instruction shall furnish to the state treasurer an abstract of the
29 apportionment and shall certify the apportionment to the department of
30 administration, which shall draw its warrant in favor of the charter schools
31 for the amount apportioned.

32 C. If a pupil is enrolled in both a charter school and a public school
33 that is not a charter school, the sum of the daily membership, which includes
34 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
35 subdivisions (a) and (b) and daily attendance as prescribed in section
36 15-901, subsection A, paragraph 6, for that pupil in the school district and
37 the charter school shall not exceed 1.0, except that if the pupil is enrolled
38 in both a charter school and a joint technological education district and
39 resides within the boundaries of a school district participating in the joint
40 technological education district, the sum of the average daily membership for
41 that pupil in the charter school and the joint technological education
42 district shall not exceed 1.25. If a pupil is enrolled in both a charter
43 school and a public school that is not a charter school, the department of
44 education shall direct the average daily membership to the school with the
45 most recent enrollment date. Upon validation of actual enrollment in both a

1 charter school and a public school that is not a charter school and if the
2 sum of the daily membership or daily attendance for that pupil is greater
3 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between
4 the public school and the charter school based on the percentage of total
5 time that the pupil is enrolled or in attendance in the public school and the
6 charter school, except that if the pupil is enrolled in both a charter school
7 and a joint technological education district and resides within the
8 boundaries of a school district participating in the joint technological
9 education district, the sum of the average daily membership for that pupil in
10 the charter school and the joint technological education district shall be
11 reduced to 1.25 and shall be apportioned between the charter school and the
12 joint technological education district based on the percentage of total time
13 that the pupil is enrolled or in attendance in the charter school and the
14 joint technological education district. The uniform system of financial
15 records shall include guidelines for the apportionment of the pupil
16 enrollment and attendance as provided in this section.

17 D. Charter schools are allowed to accept grants and gifts to
18 supplement their state funding, but it is not the intent of the charter
19 school law to require taxpayers to pay twice to educate the same pupils. The
20 base support level for a charter school or for a school district sponsoring a
21 charter school shall be reduced by an amount equal to the total amount of
22 monies received by a charter school from a federal or state agency if the
23 federal or state monies are intended for the basic maintenance and operations
24 of the school. The superintendent of public instruction shall estimate the
25 amount of the reduction for the budget year and shall revise the reduction to
26 reflect the actual amount before May 15 of the current year. If the
27 reduction results in a negative amount, the negative amount shall be used in
28 computing all budget limits and equalization assistance, except that:

29 1. Equalization assistance shall not be less than zero.

30 2. For a charter school sponsored by the state board of education or
31 the state board for charter schools, the total of the base support level, the
32 capital outlay revenue limit, the soft capital allocation and the additional
33 assistance shall not be less than zero.

34 3. For a charter school sponsored by a school district, the base
35 support level for the school district shall not be reduced by more than the
36 amount that the charter school increased the district's base support level,
37 capital outlay revenue limit and soft capital allocation.

38 E. If a charter school was a district public school in the prior year
39 and is now being operated for or by the same school district and sponsored by
40 the state board of education, the state board for charter schools or a school
41 district governing board, the reduction in subsection D of this section
42 applies. The reduction to the base support level of the charter school or
43 the sponsoring district of the charter school shall equal the sum of the base
44 support level and the additional assistance received in the current year for

1 those pupils who were enrolled in the traditional public school in the prior
2 year and are now enrolled in the charter school in the current year.

3 F. Equalization assistance for charter schools shall be provided as a
4 single amount based on average daily membership without categorical
5 distinctions between maintenance and operations or capital.

6 G. At the request of a charter school, the county school
7 superintendent of the county where the charter school is located may provide
8 the same educational services to the charter school as prescribed in section
9 15-308, subsection A. The county school superintendent may charge a fee to
10 recover costs for providing educational services to charter schools.

11 H. If the sponsor of the charter school determines at a public meeting
12 that the charter school is not in compliance with federal law, with the laws
13 of this state or with its charter, the sponsor of a charter school may submit
14 a request to the department of education to withhold up to ten per cent of
15 the monthly apportionment of state aid that would otherwise be due the
16 charter school. The department of education shall adjust the charter
17 school's apportionment accordingly. The sponsor shall provide written notice
18 to the charter school at least seventy-two hours before the meeting and shall
19 allow the charter school to respond to the allegations of noncompliance at
20 the meeting before the sponsor makes a final determination to notify the
21 department of education of noncompliance. The charter school shall submit a
22 corrective action plan to the sponsor on a date specified by the sponsor at
23 the meeting. The corrective action plan shall be designed to correct
24 deficiencies at the charter school and to ensure that the charter school
25 promptly returns to compliance. When the sponsor determines that the charter
26 school is in compliance, the department of education shall restore the full
27 amount of state aid payments to the charter school.

28 I. In addition to the withholding of state aid payments pursuant to
29 subsection H of this section, the sponsor of a charter school may impose a
30 civil penalty of one thousand dollars per occurrence if a charter school
31 fails to comply with the fingerprinting requirements prescribed in section
32 15-183, subsection C or section 15-512. The sponsor of a charter school
33 shall not impose a civil penalty if it is the first time that a charter
34 school is out of compliance with the fingerprinting requirements and if the
35 charter school provides proof within forty-eight hours of written
36 notification that an application for the appropriate fingerprint check has
37 been received by the department of public safety. The sponsor of the charter
38 school shall obtain proof that the charter school has been notified and the
39 notification shall identify the date of the deadline and shall be signed by
40 both parties. The sponsor of a charter school shall automatically impose a
41 civil penalty of one thousand dollars per occurrence if the sponsor
42 determines that the charter school subsequently violates the fingerprinting
43 requirements. Civil penalties pursuant to this ~~section~~ SUBSECTION shall be
44 assessed by requesting the department of education to reduce the amount of
45 state aid that the charter school would otherwise receive by an amount equal

1 to the civil penalty. The amount of state aid withheld shall revert to the
2 state general fund at the end of the fiscal year.

3 J. A charter school may receive and spend monies distributed by the
4 department of education pursuant to section 42-5029, subsection E and section
5 37-521, subsection B.

6 K. For the purposes of this section:

7 1. "Monies intended for the basic maintenance and operations of the
8 school" means monies intended to provide support for the educational program
9 of the school, except that it does not include supplemental assistance for a
10 specific purpose or P.L. 81-874 monies. The auditor general shall determine
11 which federal or state monies meet the definition in this paragraph.

12 2. "Operated for or by the same school district" means the charter
13 school is either governed by the same district governing board or operated by
14 the district in the same manner as other traditional schools in the district
15 or is operated by an independent party that has a contract with the school
16 district. The auditor general and the department of education shall
17 determine which charter schools meet the definition in this subsection.

18 Sec. 2. Section 15-302, Arizona Revised Statutes, is amended to read:

19 15-302. Powers and duties

20 A. The county school superintendent shall:

21 1. Distribute all laws, reports, circulars, instructions and forms
22 which he may receive for the use of school officers.

23 2. Record all official acts.

24 3. Appoint governing board members of school districts to fill all
25 vacancies, but the term of the appointment shall be until the next regular
26 election for governing board members, at which time a successor shall be
27 elected to serve the unexpired portion of the term. The county school
28 superintendent ~~may~~, if he deems it in the best interest of the community, **MAY**
29 call a special election to fill the vacancies. If an election is called, the
30 newly elected member shall serve for the remainder of the unexpired portion
31 of the term.

32 4. Make reports, when directed by the superintendent of public
33 instruction, showing matters relating to schools in his county as may be
34 required on the forms furnished by the superintendent of public instruction.

35 5. Have such powers and perform such duties as otherwise prescribed by
36 law.

37 6. On or before October 1 of each year, make a report to the
38 superintendent of public instruction showing the amount of monies received
39 from state school funds, special school district taxes and other sources, the
40 total expenditures for school purposes and the balance on hand to the credit
41 of each school district at the close of the school year.

42 7. Contract with the board of supervisors for the board of supervisors
43 to conduct all regular school district elections.

44 8. Be responsible, in cooperation with the governing boards and the
45 board of supervisors, for all special school district elections.

1 9. Maintain teacher and administrator certification records of
 2 effective dates and expiration dates of teachers' and administrators'
 3 certificates in compliance with guidelines prescribed in the uniform system
 4 of financial records for those school districts for which the county school
 5 superintendent is the fiscal agent. The county school superintendent shall
 6 not draw a warrant in payment of a teacher's, substitute teacher's or
 7 administrator's salary unless the teacher, substitute teacher or
 8 administrator is legally certified during the fiscal year in which the term
 9 for payment is demanded.

10 10. Notify a school district three years before the expiration of a
 11 revenue control limit override that the school district's budget must be
 12 adjusted in the final two years of the override pursuant to section 15-481,
 13 ~~subsections~~ SUBSECTION ~~P~~ M and ~~Q~~, if the voters do not approve another
 14 override.

15 11. In collaboration with the department of education and other state
 16 agencies, provide assistance to school districts and charter schools on the
 17 use of student data, staff development, curriculum alignment and technology
 18 to improve student performance.

19 12. Assist schools in meeting yearly adequate progress goals as defined
 20 by criteria established by the state board of education and implemented by
 21 the department of education.

22 B. At the request of school districts and charter schools, the county
 23 school superintendent may provide discretionary programs in addition to the
 24 programs prescribed in subsection A OF THIS SECTION.

25 C. The county school superintendent may provide the services
 26 prescribed in subsections A and B OF THIS SECTION in the county or jointly
 27 with two or more counties pursuant to title 11, chapter 7, article 3.

28 D. Each county school superintendent may establish an advisory
 29 committee to the office of the county school superintendent.

30 Sec. 3. Section 15-393, Arizona Revised Statutes, is amended to read:
 31 15-393. Joint technological education district governing board;
 32 report; definition

33 A. The management and control of the joint district are vested in the
 34 joint technological education district governing board, including the content
 35 and quality of the courses offered by the district, the quality of teachers
 36 who provide instruction on behalf of the district, the salaries of teachers
 37 who provide instruction on behalf of the district and the reimbursement of
 38 other entities for the facilities used by the district. Unless the governing
 39 boards of the school districts participating in the formation of the joint
 40 district vote to implement an alternative election system as provided in
 41 subsection B of this section, the joint board shall consist of five members
 42 elected from five single member districts formed within the joint district.
 43 The single member district election system shall be submitted as part of the
 44 plan for the joint district pursuant to section 15-392 and shall be
 45 established in the plan as follows:

1 1. The governing boards of the school districts participating in the
2 formation of the joint district shall define the boundaries of the single
3 member districts so that the single member districts are as nearly equal in
4 population as is practicable, except that if the joint district lies in part
5 in each of two or more counties, at least one single member district may be
6 entirely within each of the counties comprising the joint district if this
7 district design is consistent with the obligation to equalize the population
8 among single member districts.

9 2. The boundaries of each single member district shall follow election
10 precinct boundary lines, as far as practicable, in order to avoid further
11 segmentation of the precincts.

12 3. A person who is a registered voter of this state and who is a
13 resident of the single member district is eligible for election to the office
14 of joint board member from the single member district. The terms of office
15 of the members of the joint board shall be as prescribed in section 15-427,
16 subsection B. An employee of a joint technological education district or the
17 spouse of an employee shall not hold membership on a governing board of a
18 joint technological education district by which the employee is employed. A
19 member of one school district governing board or joint technological
20 education district governing board is ineligible to be a candidate for
21 nomination or election to or serve simultaneously as a member of any other
22 governing board, except that a member of a governing board may be a candidate
23 for nomination or election for any other governing board if the member is
24 serving in the last year of a term of office. A member of a governing board
25 shall resign the member's seat on the governing board before becoming a
26 candidate for nomination or election to the governing board of any other
27 school district or joint technological education district, unless the member
28 of the governing board is serving in the last year of a term of office.

29 4. Nominating petitions shall be signed by the number of qualified
30 electors of the single member district as provided in section 16-322.

31 B. The governing boards of the school districts participating in the
32 formation of the joint district may vote to implement any other alternative
33 election system for the election of joint district board members. If an
34 alternative election system is selected, it shall be submitted as part of the
35 plan for the joint district pursuant to section 15-392, and the
36 implementation of the system shall be as approved by the United States
37 justice department.

38 C. The joint technological education district shall be subject to the
39 following provisions of this title:

- 40 1. Chapter 1, articles 1 through 6.
- 41 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 42 3. Articles 2, 3 and 5 of this chapter.
- 43 4. Section 15-361.
- 44 5. Chapter 4, articles 1, 2 and 5.
- 45 6. Chapter 5, articles 1, 2 and 3.

1 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
2 and 15-730.

3 8. Chapter 7, article 5.

4 9. Chapter 8, articles 1, 3 and 4.

5 10. Sections 15-828 and 15-829.

6 11. Chapter 9, article 1, article 6, except for section 15-995, and
7 article 7.

8 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.

9 13. Sections 15-1101 and 15-1104.

10 14. Chapter 10, articles 2, 3, 4 and 8.

11 D. Notwithstanding subsection C of this section, the following apply
12 to a joint technological education district:

13 1. A joint district may issue bonds for the purposes specified in
14 section 15-1021 and in chapter 4, article 5 of this title to an amount in the
15 aggregate, including the existing indebtedness, not exceeding one per cent of
16 the taxable property used for secondary tax purposes, as determined pursuant
17 to title 42, chapter 15, article 1, within the joint technological education
18 district as ascertained by the last property tax assessment previous to
19 issuing the bonds.

20 2. The number of governing board members for a joint district shall be
21 as prescribed in subsection A of this section.

22 3. If a career and technical education and vocational education course
23 or program provided pursuant to this article is provided in a facility owned
24 or operated by a school district in which a pupil is enrolled, including
25 satellite courses, the sum of the daily attendance, as provided in section
26 15-901, subsection A, paragraph 6, for that pupil in both the school district
27 and joint technological education district shall not exceed 1.25 and the sum
28 of the fractional student enrollment, as provided in section 15-901,
29 subsection A, paragraph 2, subdivision (a), shall not exceed 1.25 for the
30 courses taken in the school district and the facility, including satellite
31 courses. The school district and the joint district shall determine the
32 apportionment of the daily attendance and fractional student enrollment for
33 that pupil between the school district and the joint district.

34 4. The student count for the first year of operation of a joint
35 technological education district as provided in this article shall be
36 determined as follows:

37 (a) Determine the estimated student count for joint district classes
38 that will operate in the first year of operation. This estimate shall be
39 based on actual registration of pupils as of March 30 scheduled to attend
40 classes that will be operated by the joint district. The student count for
41 the district of residence of the pupils registered at the joint district
42 shall be adjusted. The adjustment shall cause the district of residence to
43 reduce the student count for the pupil to reflect the courses to be taken at
44 the joint district. The district of residence shall review and approve the
45 adjustment of its own student count as provided in this subdivision before

1 the pupils from the school district can be added to the student count of the
2 joint district.

3 (b) The student count for the new joint district shall be the student
4 count as determined in subdivision (a) of this paragraph.

5 (c) After the first one hundred days or two hundred days in session,
6 as applicable, for the first year of operation, the joint district shall
7 revise the student count to the actual student count for students attending
8 classes in the joint district. A joint district shall revise its student
9 count, the base support level as provided in section 15-943.02, the revenue
10 control limit as provided in section 15-944.01, the capital outlay revenue
11 limit and the soft capital allocation as provided in section 15-962.01 prior
12 to May 15. A joint district that overestimated its student count shall
13 revise its budget prior to May 15. A joint district that underestimated its
14 student count may revise its budget prior to May 15.

15 (d) After the first one hundred days or two hundred days in session,
16 as applicable, for the first year of operation, the district of residence
17 shall adjust its student count by reducing it to reflect the courses actually
18 taken at the joint district. The district of residence shall revise its
19 student count, the base support level as provided in section 15-943, the
20 revenue control limit as provided in section 15-944, the capital outlay
21 revenue limit as provided in section 15-961 and the soft capital allocation
22 as provided in section 15-962 prior to May 15. A district that
23 underestimated the student count for students attending the joint district
24 shall revise its budget prior to May 15. A district that overestimated the
25 student count for students attending the joint district may revise its budget
26 prior to May 15.

27 (e) A joint district for the first year of operation shall not be
28 eligible for adjustment pursuant to section 15-948.

29 (f) The procedures for implementing this paragraph shall be as
30 prescribed in the uniform system of financial records.

31 ~~(g) If the district of residence utilizes section 15-942 to determine~~
32 ~~its student count, the district shall reduce its student count as provided in~~
33 ~~this paragraph by subtracting the appropriate count from the student count~~
34 ~~determined as provided in section 15-942.~~

35 For the purposes of this paragraph, "district of residence" means the
36 district that included the pupil in its average daily membership for the year
37 before the first year of operation of the joint district and that would have
38 included the pupil in its student count for the purposes of computing its
39 base support level for the fiscal year of the first year of operation of the
40 joint district if the pupil had not enrolled in the joint district.

41 5. A student includes any person enrolled in the joint district
42 without regard to the person's age or high school graduation status, except
43 that:

44 (a) A student in a kindergarten program or in grades one through eight
45 who enrolls in courses offered by the joint technological education district

1 shall not be included in the joint district's average daily attendance or
2 average daily membership.

3 (b) A student in a kindergarten program or in grades one through eight
4 who is enrolled in vocational education courses shall not be funded in whole
5 or in part with monies provided by a joint technological education district.

6 (c) A student who is over twenty-two years of age shall not be
7 included in the student count of the joint district for the purposes of
8 chapter 9, articles 3, 4 and 5 of this title.

9 (d) A student in grade nine who enrolls in a career exploration course
10 shall not be included in the joint district's average daily attendance or
11 average daily membership.

12 6. A joint district may operate for more than one hundred seventy-five
13 days per year, with expanded hours of service.

14 7. A joint district may use the excess utility costs provisions of
15 section 15-910 in the same manner as a school district for fiscal years
16 1999-2000 and 2000-2001, except that the base year shall be the first full
17 fiscal year of operations.

18 8. A joint district may use the carryforward provisions of section
19 15-943.01 retroactively to July 1, 1993.

20 9. A school district that is part of a joint district shall use any
21 monies received pursuant to this article to supplement and not supplant base
22 year career and technical education and vocational education courses, and
23 directly related equipment and facilities, except that a school district that
24 is part of a joint technological education district and that has used monies
25 received pursuant to this article to supplant career and technological
26 education and vocational education courses that were offered before the first
27 year that the school district participated in the joint district or the first
28 year that the school district used monies received pursuant to this article
29 or that used the monies for purposes other than for career and technological
30 education and vocational education courses shall:

31 (a) Use at least thirty-three per cent of the monies received pursuant
32 to this article in fiscal year 2005-2006 to supplement and not supplant base
33 year career and technical education and vocational education courses.

34 (b) Use at least sixty-six per cent of the monies received pursuant to
35 this article in fiscal year 2006-2007 to supplement and not supplant base
36 year career and technical education and vocational education courses.

37 (c) Use one hundred per cent of the monies received pursuant to this
38 article in fiscal year 2007-2008 and each fiscal year thereafter to
39 supplement and not supplant base year career and technical education and
40 vocational education courses.

41 10. A joint technological education district shall use any monies
42 received pursuant to this article to enhance and not supplant career and
43 technical education and vocational education courses and directly related
44 equipment and facilities.

11. A joint technological education district or a school district that is part of a joint district shall only include pupils in grades nine through twelve in the calculation of average daily membership or average daily attendance if the pupils are enrolled in courses that are approved jointly by the governing board of the joint technological education district and each participating school district for satellite courses taught within the participating school district, or approved solely by the joint technological education district for centrally located courses. Average daily membership and average daily attendance from courses that are not part of an approved program for career and technical education shall not be included in average daily membership and average daily attendance of a joint technological education district. A student in grade nine who enrolls in a career exploration course shall not be included in the joint district's average daily attendance or average daily membership.

E. The joint board shall appoint a superintendent as the executive officer of the joint district.

F. Taxes may be levied for the support of the joint district as prescribed in chapter 9, article 6 of this title, except that a joint technological education district shall not levy a property tax pursuant to law that exceeds five cents per one hundred dollars assessed valuation except for bond monies pursuant to subsection D, paragraph 1 of this section. Except for the taxes levied pursuant to section 15-994, such taxes shall be obtained from a levy of taxes on the taxable property used for secondary tax purposes.

G. The schools in the joint district are available to all persons who reside in the joint district subject to the rules for admission prescribed by the joint board.

H. The joint board may collect tuition for adult students and the attendance of pupils who are residents of school districts that are not participating in the joint district pursuant to arrangements made between the governing board of the district and the joint board.

I. The joint board may accept gifts, grants, federal monies, tuition and other allocations of monies to erect, repair and equip buildings and for the cost of operation of the schools of the joint district.

J. One member of the joint board shall be selected chairman. The chairman shall be selected annually on a rotation basis from among the participating school districts. The chairman of the joint board shall be a voting member.

K. A joint board and a community college district may enter into agreements for the provision of administrative, operational and educational services and facilities.

L. Any agreement between the governing board of a joint technological education district and another joint technological education district, a school district, a charter school or a community college district shall be in the form of an intergovernmental agreement or other written contract. The

1 auditor general shall modify the uniform system of financial records and
2 budget forms in accordance with this subsection. The intergovernmental
3 agreement or other written contract shall completely and accurately specify
4 each of the following:

5 1. The financial provisions of the intergovernmental agreement or
6 other written contract and the format for the billing of all services.

7 2. The accountability provisions of the intergovernmental agreement or
8 other written contract.

9 3. The responsibilities of each joint technological education
10 district, each school district, each charter school and each community
11 college district that is a party to the intergovernmental agreement or other
12 written contract.

13 4. The type of instruction that will be provided under the
14 intergovernmental agreement or other written contract.

15 5. The quality of the instruction that will be provided under the
16 intergovernmental agreement or other written contract.

17 6. The transportation services that will be provided under the
18 intergovernmental agreement or other written contract and the manner in which
19 transportation costs will be paid.

20 7. The amount that the joint technological education district will
21 contribute to a course and the amount of support required by the school
22 district or the community college.

23 8. That the services provided by the joint technological education
24 district, the school district, the charter school or the community college
25 district be proportionally calculated in the cost of delivering the service.

26 9. That the payment for services shall not exceed the cost of the
27 services provided.

28 10. That any initial intergovernmental agreement or other written
29 contract and any addendums between the governing board of a joint
30 technological education district and another joint technological education
31 district, a school district, a charter school or a community college district
32 be submitted by the joint technological education district to the joint
33 legislative budget committee for review.

34 M. On or before December 31 of each year, each joint technological
35 education district shall submit a detailed report to the career and technical
36 education division of the department of education. The career and technical
37 education division of the department of education shall collect, summarize
38 and analyze the data submitted by the joint districts, shall submit an annual
39 report that summarizes the data submitted by the joint districts to the
40 governor, the speaker of the house of representatives, the president of the
41 senate and the state board of education and shall submit a copy of this
42 report to the secretary of state and the director of the Arizona state
43 library, archives and public records. The data submitted by each joint
44 technological education district shall include the following:

1 1. The average daily membership of the joint district.
2 2. The course listings and course descriptions of courses offered by
3 the joint district.
4 3. The costs associated with each course offered by the joint
5 district.
6 4. The completion rate for each course offered by the joint district.
7 5. The graduation rate of students enrolled in the joint district.
8 6. A detailed description of the career opportunities available to
9 students after completion of the program offered by the joint district.
10 7. A detailed description of the career placement of students who have
11 completed the program offered by the joint district.
12 8. Any other data deemed necessary by the department of education to
13 carry out its duties under this subsection.
14 N. If the career and technical education division of the department of
15 education determines that a course does not meet the criteria for approval as
16 a joint technical education course, the governing board of the joint
17 technological education district may appeal this decision to the state board
18 of education acting as the state board of vocational education.
19 O. Notwithstanding any other law, the average daily membership of a
20 pupil who is enrolled in a course that meets for at least one hundred fifty
21 minutes per class period at a centralized campus owned and operated by a
22 joint technological education district shall be 0.75.
23 P. For the purposes of this section, "base year" means the complete
24 school year in which voters of a school district elected to join a joint
25 technological education district.
26 Sec. 4. Section 15-448, Arizona Revised Statutes, is amended to read:
27 15-448. Formation of unified school district; board membership;
28 budget
29 A. One or more common school districts and a high school district with
30 coterminous or overlapping boundaries may establish a unified school district
31 pursuant to this section. Unification of a common school district and a high
32 school district is not authorized by this section if any of the high school
33 facilities owned by the new unified school district would not be located
34 within its boundaries.
35 B. Formation of a unified school district shall be by resolutions
36 approved by the governing boards of the unifying school districts and
37 certification of approval by such governing boards to the county school
38 superintendent of the county or counties in which such individual school
39 districts are located. A common school district and high school district
40 that unify pursuant to this section shall not exclude from the same
41 unification a common school district that has overlapping boundaries with the
42 high school district and that wishes to unify. The formation of a unified
43 school district shall become effective on July 1 of the next fiscal year
44 following the certification of the county school superintendent. An election
45 shall not be required to form a unified school district pursuant to this

1 section. At least ninety days before the governing boards vote on the
2 resolutions prescribed in this subsection, the governing boards shall mail a
3 pamphlet to each household with one or more qualified electors that shall
4 list the full cash value, the assessed valuation and the estimated amount of
5 the primary property taxes and the estimated amount of the secondary property
6 taxes under the proposed unification for each of the following:

7 1. An owner occupied residence whose assessed valuation is the average
8 assessed valuation of property classified as class three, as prescribed by
9 section 42-12003 for the current year in the school district.

10 2. An owner occupied residence whose assessed valuation is one-half of
11 the assessed valuation of the residence in paragraph 1 of this subsection.

12 3. An owner occupied residence whose assessed valuation is twice the
13 assessed valuation of the residence in paragraph 1 of this subsection.

14 4. A business whose assessed valuation is the average of the assessed
15 valuation of property classified as class one, as prescribed by section
16 42-12001, paragraphs 12 and 13 for the current year in the school district.

17 C. The boundaries of the unified school district shall be the
18 boundaries of the former common school district or districts that unify. The
19 boundaries of the common school district or districts that are not unifying
20 remain unchanged. The county school superintendent, immediately upon receipt
21 of the approved resolutions prescribed by subsection B of this section, shall
22 file with the board of supervisors, the county assessor and the
23 superintendent of public instruction a transcript of the boundaries of the
24 unified school district. The boundaries shown in the transcript shall become
25 the legal boundaries of the school districts on July 1 of the next fiscal
26 year.

27 D. On formation of the unified school district, the governing board
28 consists of the members of the former school district governing boards and
29 the members shall hold office until January 1 following the first general
30 election after formation of the district.

31 E. Beginning on January 1 following the first general election after
32 formation of the unified school district, the governing board shall have five
33 members. At the first general election after the formation of the district,
34 members shall be elected in the following manner:

35 1. The three candidates receiving the highest, the second highest and
36 the third highest number of votes shall be elected to four year terms.

37 2. The two candidates receiving the fourth and fifth highest number of
38 votes shall be elected to two year terms. Thereafter all offices shall have
39 four year terms.

40 F. The new unified school district may appoint a resident of the
41 remaining common school district to serve as a nonvoting member of the
42 governing board to represent the interests of the high school pupils who
43 reside in the remaining common school district and who attend school in the
44 unified school district.

1 G. For the first year of operation, the unified school district
2 governing board shall prepare a consolidated budget based on the student
3 counts from the school districts comprising the unified school district,
4 except that for purposes of determining budget amounts and equalization
5 assistance, the student count for the former high school district shall not
6 include the prior year average daily membership attributable to high school
7 pupils from a common school district that was part of the former high school
8 district but is not part of the unified school district. The unified school
9 district shall charge the remaining common school district tuition for these
10 pupils as provided in subsection J of this section ~~and shall not include such~~
11 ~~pupils for the purpose of making any adjustment for rapid decline in student~~
12 ~~count pursuant to section 15-942~~. The unified school district may budget for
13 unification assistance pursuant to section 15-912.01.

14 H. The governing board of the unified school district shall prepare
15 policies, curricula and budgets for the district. These policies shall
16 require that:

17 1. The base compensation of each certificated teacher for the first
18 year of operation of the new unified school district shall not be lower than
19 the certificated teacher's base compensation for the prior year in the
20 previously existing school districts.

21 2. The certificated teacher's years of employment in the previously
22 existing school districts shall be included in determining the teacher's
23 certificated years of employment in the new unified school district.

24 I. Upon formation of a unified school district any existing override
25 authorization of the former high school district and the former common school
26 district or districts shall continue until expiration based on the revenue
27 control limit of the school district or districts that had override
28 authorization prior to unification. The unified school district may request
29 new override authorization for the budget year as provided in section 15-481
30 based on the combined revenue control limit of the new district after
31 unification. If the unified school district's request for override
32 authorization is approved, it will replace any existing override for the
33 budget year.

34 J. The unified school district shall admit high school pupils who
35 reside in a common school district that was located within the boundaries of
36 the former high school district. Tuition shall be paid to the unified school
37 district by the common school district in which such pupils reside. Such
38 tuition amount shall be calculated in accordance with section 15-824, subject
39 to the following modifications:

40 1. If the former high school district had outstanding bonded
41 indebtedness at the time of unification, the combined tuition for the group
42 of high school pupils who ~~reside~~ RESIDES in each common school district shall
43 include a debt service amount for the former high school district's
44 outstanding bonded indebtedness that is determined as follows:

1 (a) Divide the total secondary assessed valuation of the common school
2 district in which the group of pupils reside by the total secondary assessed
3 valuation of the former high school district. For the purposes of this
4 subdivision, "secondary assessed valuation" means secondary assessed
5 valuation for the tax year prior to the year when the unification occurs and
6 includes the values used to determine voluntary contributions collected
7 pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

8 (b) Multiply the quotient obtained in subdivision (a) by the unified
9 school district's annual debt service expenditure.

10 2. The debt service portion of such tuition payments calculated
11 pursuant to paragraph 1 of this subsection shall be used exclusively for debt
12 service of the outstanding bonded indebtedness of the former high school
13 district. When such indebtedness is fully extinguished, the debt service
14 portion of a pupil's tuition shall be determined in accordance with paragraph
15 3 of this subsection.

16 3. If the former high school district had no outstanding bonded
17 indebtedness at the time of unification, the tuition calculation shall
18 include the actual school district expenditures for the portion of any debt
19 service of the unified school district that pertains to any construction or
20 renovation of high school facilities divided by the school district's student
21 count for the high school portion of the school district.

22 4. The unified school district shall not include in the tuition
23 calculation any debt service that pertains to any construction or renovation
24 of school facilities for preschool through grade eight.

25 5. Notwithstanding section 15-951, subsection ~~H~~ G, the revenue
26 control limit of the common school district shall include the full amount of
27 the debt service portion of the tuition calculated pursuant to this
28 subsection.

29 K. All assets and liabilities of the unifying school districts shall
30 be transferred and assumed by the new unified school district. Any existing
31 bonded indebtedness of a common school district or a high school district
32 unifying pursuant to this section shall be assumed by the new unified school
33 district and shall be regarded as an indebtedness of the new unified school
34 district for the purpose of determining the debt incurring authority of the
35 district. Taxes for the payment of such bonded indebtedness shall be levied
36 on all taxable property in the new unified school district, but nothing in
37 this subsection shall be construed to relieve from liability to taxation for
38 the payment of all taxable property of the former high school district if
39 necessary to prevent a default in the payment of any bonded indebtedness of
40 the former high school district. The residents of a common school district
41 that does not unify shall not vote in bond or override elections of the
42 unified school district and shall not be assessed taxes as a result of a bond
43 or override election of the unified school district.

44 L. If the remaining common school district had authorization for an
45 override as provided in section 15-481 ~~or 15-482~~, the override authorization

continues for the remaining common school district or districts in the same manner as before the formation of the unified school district.

M. The bonding authorization and bonding limitations continue for the remaining common school district or districts in the same manner as before the formation of the unified school district.

N. Nothing in this section shall be construed to relieve a school district formed pursuant to section 15-457 or 15-458 of its liability for any outstanding bonded indebtedness.

O. For school districts that become unified after July 1, 2004 and where all of the common schools were eligible for the small school district weight pursuant to section 15-943, paragraph 1, subdivision (a) when computing their base support level and base revenue control limit before unification, the unified school district may continue to use the small school district weight as follows:

1. Annually determine the common school student count and the weighted student count pursuant to section 15-943, paragraph 1, subdivision (a) for each common school district before unification.

2. Calculate the sum of the common school districts' student counts and weighted student counts determined in paragraph 1 of this subsection.

3. Divide the sum of the weighted student counts by the sum of the student counts determined in paragraph 2 of this subsection.

4. The amount determined in paragraph 3 of this subsection shall be the weight for the common schools in the unified school district.

P. A unified school district may calculate its revenue control limit and district support level by using subsection O of this section as follows:

1. Determine the number of individual school districts that existed before unification into a single school district.

2. Multiply the amount determined in paragraph 1 of this subsection by six hundred.

3. Multiply the amount determined in paragraph 2 of this subsection by 0.80.

4. If the amount determined in paragraph 3 of this subsection exceeds the student count of the unified school district, the unified school district is eligible to use subsection O of this section.

Q. Subsections O and P of this section shall remain in effect until the aggregate student count of the common school districts before unification exceeds the aggregate number of students of the common school districts before unification authorized to utilize section 15-943, paragraph 1, subdivision (a).

Sec. 5. Section 15-481, Arizona Revised Statutes, is amended to read:

15-481. Override election; budget increases; notice; ballot; effect

A. If a proposed budget of a school district exceeds the aggregate budget limit for the budget year, at least ninety days before the proposed election the governing board shall order an override election to be held on

1 the first Tuesday following the first Monday in November as prescribed by
2 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of
3 presenting the proposed budget to the qualified electors of the school
4 district who shall by a majority of those voting either affirm or reject the
5 budget. In addition, the governing board shall prepare an alternate budget
6 which does not include an increase in the budget of more than the amount
7 permitted as provided in section 15-905. If the qualified electors approve
8 the proposed budget, the governing board of the school district shall follow
9 the procedures prescribed in section 15-905 for adopting a budget that
10 includes the authorized increase. If the qualified electors disapprove the
11 proposed budget, the governing board shall follow the procedures prescribed
12 in section 15-905 for adopting a budget that does not include the proposed
13 increase or the portion of the proposed increase that exceeds the amount
14 authorized by a previously approved budget increase as prescribed in
15 subsection ~~P~~ M of this section.

16 B. The county school superintendent shall prepare an informational
17 report on the proposed increase in the budget and a sample ballot and, at
18 least forty days prior to the election, shall transmit the report and the
19 sample ballot to the governing board of the school district. The governing
20 board, upon receipt of the report and the ballot, shall mail or distribute
21 the report and the ballot to the households in which qualified electors
22 reside within the school district at least thirty-five days prior to the
23 election. Any distribution of material concerning the proposed increase in
24 the budget shall not be conducted by children enrolled in the school
25 district. The report shall contain the following information:

26 1. The date of the election.
27 2. The voter's polling place and the times it is open.
28 3. The proposed total increase in the budget which exceeds the amount
29 permitted pursuant to section 15-905.

30 4. The total amount of the current year's budget, the total amount of
31 the proposed budget and the total amount of the alternate budget.

32 5. If the override is for a period of more than one year, a statement
33 indicating the number of years the proposed increase in the budget would be
34 in effect and the percentage of the school district's revenue control limit
35 that the district is requesting for the future years.

36 6. The proposed total amount of revenues which will fund the increase
37 in the budget and the amount which will be obtained from a levy of taxes upon
38 the taxable property within the school district for the first year for which
39 the budget increase was adopted.

40 7. The proposed amount of revenues which will fund the increase in the
41 budget and which will be obtained from other than a levy of taxes upon the
42 taxable property within the school district for the first year for which the
43 budget increase was adopted.

8. The dollar amount and the purpose for which the proposed increase in the budget is to be expended for the first year for which the budget increase was adopted.

9. At least two arguments, if submitted, but no more than ten arguments for and two arguments, if submitted, but no more than ten arguments against the proposed increase in the budget. The arguments shall be in a form prescribed by the county school superintendent and each argument shall not exceed two hundred words. Arguments for the proposed increase in the budget shall be provided in writing and signed by the governing board. If submitted, additional arguments in favor of the proposed increase in the budget shall be provided in writing and signed by those in favor. Arguments against the proposed increase in the budget shall be provided in writing and signed by those in opposition. The names of those persons other than the governing board or superintendent submitting written arguments shall not be included in the report without their specific permission, but shall be made available only upon request to the county school superintendent. The county school superintendent shall review all factual statements contained in the written arguments and correct any inaccurate statements of fact. The superintendent shall not review and correct any portion of the written arguments which are identified as statements of the author's opinion. The county school superintendent shall make the written arguments available to the public as provided in title 39, chapter 1, article 2. A deadline for submitting arguments to be included in the informational report shall be set by the county school superintendent.

10. A statement that the alternate budget shall be adopted by the governing board if the proposed budget is not adopted by the qualified electors of the school district.

11. The full cash value, the assessed valuation, the first year tax rate for the proposed override and the estimated amount of the secondary property taxes if the proposed budget is adopted for each of the following:

(a) An owner-occupied residence whose assessed valuation is the average assessed valuation of property classified as class three, as prescribed by section 42-12003 for the current year in the school district.

(b) An owner-occupied residence whose assessed valuation is one-half of the assessed valuation of the residence in subdivision (a) of this paragraph.

(c) An owner-occupied residence whose assessed valuation is twice the assessed valuation of the residence in subdivision (a) of this paragraph.

(d) A business whose assessed valuation is the average of the assessed valuation of property classified as class one, as prescribed by section 42-12001, paragraphs 12 and 13 for the current year in the school district.

12. If the election is conducted pursuant to subsection ~~L~~ I or ~~M~~ J of this section, the following information:

(a) An executive summary of the school district's most recent capital improvement plan submitted to the school facilities board.

1 (b) A complete list of each proposed capital improvement that will be
 2 funded with the budget increase and a description of the proposed cost of
 3 each improvement, including a separate aggregation of capital improvements
 4 for administrative purposes as defined by the school facilities board.

5 (c) The tax rate associated with each of the proposed capital
 6 improvements and the estimated cost of each capital improvement for the owner
 7 of a single family home that is valued at eighty thousand dollars.

8 C. For the purpose of this section, the school district may use its
 9 staff, equipment, materials, buildings or other resources only to distribute
 10 the informational report at the school district office or at public hearings
 11 and to produce such information as required in subsection B of this section,
 12 provided that nothing in this subsection shall preclude school districts from
 13 holding or participating in any public hearings at which testimony is given
 14 by at least one person for the proposed increase and one person against the
 15 proposed increase. Any written information provided by the district
 16 pertaining to the override election shall include financial information
 17 showing the estimated first year tax rate for the proposed budget override
 18 amount.

19 D. If any amount of the proposed increase will be funded by a levy of
 20 taxes in the district, the election prescribed in subsection A of this
 21 section shall be held on the first Tuesday following the first Monday in
 22 November as prescribed by section 16-204, subsection B, paragraph 1,
 23 subdivision (d). If the proposed increase will be fully funded by revenues
 24 from other than a levy of taxes the elections prescribed in subsection A of
 25 this section shall be held on any date prescribed by section 16-204. The
 26 elections shall be conducted as nearly as practicable in the manner
 27 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
 28 section 15-426, relating to special elections, except that:

29 1. The notices required pursuant to section 15-403 shall be posted not
 30 less than twenty-five days before the election.

31 2. Ballots shall be counted pursuant to title 16, chapter 4,
 32 article 10.

33 E. If the election is to exceed the revenue control limit and if the
 34 proposed increase will be fully funded by a levy of taxes upon the taxable
 35 property within the school district, the ballot shall contain the words
 36 "budget increase, yes" and "budget increase, no", and the voter shall signify
 37 his desired choice. The ballot shall also contain the amount of the proposed
 38 increase of the proposed budget over the alternate budget, a statement that
 39 the amount of the proposed increase will be based on a percentage of the
 40 school district's revenue control limit in future years, if applicable, as
 41 provided in subsection ~~P~~ M of this section and the following statement:

42 Any budget increase authorized by this election shall be
 43 entirely funded by a levy of taxes upon the taxable property
 44 within this school district for the year for which adopted and
 45 for ____ subsequent years, shall not be realized from monies

furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, to fund the proposed increase in the school district's budget would require an estimated tax rate of _____ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate which will be levied to fund the school district's revenue control limit allowed by law.

F. If the election is to exceed the revenue control limit and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. The ballot shall also contain:

1. The amount of the proposed increase of the proposed budget over the alternate budget.

2. A statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection ~~P~~ M of this section.

3. The following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

G. Except as provided in subsection H of this section, the maximum budget increase which may be requested and authorized as provided in subsection E or F of this section or the combination of subsections E and F of this section is ~~ten~~ FIFTEEN per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. PROCEEDS FROM THIS BUDGET INCREASE MAY BE USED FOR PROGRAMS DESIGNED TO IMPROVE THE ACADEMIC ACHIEVEMENT OF PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH THREE, INCLUDING PROGRAMS TO REMOVE BARRIERS TO IMPROVE ACADEMIC ACHIEVEMENT, PROGRAMS TO IMPROVE INSTRUCTION AND PROGRAMS THAT INCREASE THE AMOUNT OF INSTRUCTION.

H. Special budget override provisions for school districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight or with a student count of less than one hundred seventy-six in grades nine through twelve are as follows:

1. The maximum budget increase that may be requested and authorized as provided in subsections E and F of this section is the greater of the amount prescribed in subsection G of this section or a limit computed as follows:

(a) For common or unified districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

	Small School	Support Level Weight		Phase Down
Student	Student	for Small Isolated		Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
_____ - 125	x	1.358 + (0.0005 x	x	\$ _____ = \$ _____
		(500 - Student Count))		
	Phase Down	Phase Down	Small Isolated	
	<u>Base</u>	<u>Reduction Factor</u>	<u>School District</u>	
\$150,000 -		\$ _____	<u>Elementary Limit</u>	
				= \$ _____

(ii)

	Small School	Support Level Weight		Phase Down
Student	Student	for Small		Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
_____ - 125	x	x1.278 + (0.0003 x	x	\$ _____ = \$ _____
		(500 - Student Count))		
	Phase Down	Phase Down	Small	
	<u>Base</u>	<u>Reduction Factor</u>	<u>School District</u>	
\$150,000 -		\$ _____	<u>Elementary Limit</u>	
				= \$ _____

(b) For unified or union high school districts with a student count of less than one hundred seventy-six in grades nine through twelve, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

	Small School	Support Level Weight		Phase Down
Student	Student	for Small Isolated		Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
_____ - 100	x	1.468 + (0.0005 x	x	\$ _____ = \$ _____
		(500 - Student Count))		
	Phase Down	Phase Down	Small Isolated	
	<u>Base</u>	<u>Reduction Factor</u>	<u>District</u>	
\$350,000 -		\$ _____	<u>Secondary Limit</u>	
				= \$ _____

(ii)

	Small School	Support Level Weight		Phase Down
Student	Student	for Small		Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
_____ - 100	x	1.398 + (0.0004 x	x	\$ _____ = \$ _____
		(500 - Student Count))		

			Small
	Phase Down	Phase Down	School District
	<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>
	\$350,000	- \$	= \$

(c) If both subdivisions (a) and (b) of this paragraph apply to a unified school district, its limit for the purposes of this paragraph is the combination of its elementary limit and its secondary limit.

(d) If only subdivision (a) or (b) of this paragraph applies to a unified school district, the district's limit for the purposes of this paragraph is the sum of the limit computed as provided in subdivision (a) or (b) of this paragraph plus ten per cent of the revenue control limit attributable to those grade levels that do not meet the eligibility requirements of this subsection. If a school district budgets monies outside the revenue control limit pursuant to section 15-949, subsection E, the district's limit for the purposes of this paragraph is only the ten per cent of the revenue control limit attributable to those grade levels that are not included under section 15-949, subsection E. For the purposes of this subdivision, the revenue control limit is separated into elementary and secondary components based on the weighted student count as provided in section 15-971, subsection B, paragraph 2, subdivision (a).

2. If a school district utilizes the provisions of this subsection to request an override of more than one year, the ballot shall include an estimate of the amount of the proposed increase in the future years in place of the statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, as prescribed in subsections E and F of this section.

3. Notwithstanding subsection P- M of this section, the maximum period of an override authorized pursuant to this subsection is five years.

4. Subsection P- M, paragraphs 1 and 2 of this section do not apply to overrides authorized pursuant to this subsection.

~~I. If the election is to exceed the revenue control limit as provided in section 15-482 and if the proposed increase will be fully funded by a levy of taxes on the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. The ballot shall also contain the amount of the proposed increase of the budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection Q of this section, and the following statement:~~

~~Any budget increase authorized by this election shall be entirely funded by a levy of taxes on the taxable property within this school district for the year for which adopted and for _____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the~~

~~limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, to fund the proposed increase in the school district's budget which will be funded by a levy of taxes upon the taxable property within this school district would require an estimated tax rate of _____ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate that will be levied to fund the school district's revenue control limit allowed by law.~~

~~J. If the election is to exceed the revenue control limit as provided in section 15-482 and if the proposed increase will be fully funded by revenues other than a levy of taxes on the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection Q of this section and the following statement:~~

~~Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.~~

~~K. The maximum budget increase that may be requested and authorized as provided in subsection I or J of this section, or a combination of both of these subsections, is five per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. For a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects as provided in section 15-447, five per cent of the revenue control limit means five per cent of the revenue control limit attributable to the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight as provided in section 15-971, subsection B.~~

~~L. I. If the election is to exceed the capital outlay revenue limit and if the proposed increase will be fully funded by a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:~~

Any budget increase authorized by this election shall be entirely funded by a levy of taxes upon the taxable property within this school district for the year in which adopted and for _____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, to fund the proposed increase in the school district's budget would require an estimated tax rate of _____ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate which will be levied to fund the school district's capital outlay revenue limit allowed by law.

~~M.~~ J. If the election is to exceed the capital outlay revenue limit and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year in which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

~~N.~~ K. If the election is to exceed a combination of the revenue control limit as provided in subsection E or F of this section, ~~the revenue control limit as provided in subsection I or J of this section~~ or the capital outlay revenue limit as provided in subsection ~~I~~ or ~~M.~~ J of this section, the ballot shall be prepared so that the voters may vote on each proposed increase separately and shall contain statements required in the same manner as if each proposed increase were submitted separately.

~~O.~~ L. If the election provides for a levy of taxes on the taxable property within the school district, at least thirty days prior to the election, the department of revenue shall provide the school district governing board and the county school superintendent with an estimate of the school district's assessed valuation used for secondary property tax purposes for the ensuing fiscal year. The governing board and the county school superintendent shall use this estimate to translate the amount of the proposed dollar increase in the budget of the school district over that allowed by law into a tax rate figure.

1 ~~P.~~ M. If the voters in a school district vote to adopt a budget in
 2 excess of the revenue control limit as provided in subsection E or F of this
 3 section, any additional increase shall be included in the aggregate budget
 4 limit for each of the years authorized. Any additional increase shall be
 5 excluded from the determination of equalization assistance. The school
 6 district governing board ~~may~~, however, MAY levy on the assessed valuation
 7 used for secondary property tax purposes of the property in the school
 8 district the additional increase if adopted under subsection E of this
 9 section for the period of one year, two years or five through seven years as
 10 authorized. If an additional increase is approved as provided in subsection
 11 F of this section, the school district governing board may only use revenues
 12 derived from the school district's prior year's maintenance and operation
 13 fund ending cash balance to fund the additional increase. If a budget
 14 increase was previously authorized and will be in effect for the budget year
 15 or budget year and subsequent years, as provided in subsection E or F of this
 16 section, the governing board may request a new budget increase as provided in
 17 the same subsection under which the prior budget increase was adopted which
 18 shall not exceed the maximum amount permitted under subsection G of this
 19 section. If the voters in the school district authorize the new budget
 20 increase amount, the existing budget increase no longer is in effect. If the
 21 voters in the school district do not authorize the budget increase amount,
 22 the existing budget increase remains in effect for the time period for which
 23 it was authorized. The maximum additional increase authorized as provided in
 24 subsection E or F of this section and the additional increase which is
 25 included in the aggregate budget limit is based on a percentage of a school
 26 district's revenue control limit in future years, if the budget increase is
 27 authorized for more than one year. If the additional increase:

28 1. Is for two years, the proposed increase in the second year is equal
 29 to the initial proposed percentage increase.

30 2. Is for five years or more, the proposed increase is equal to the
 31 initial proposed percentage increase in the following years of the proposed
 32 increase, except that in the next to last year it is two-thirds of the
 33 initial proposed percentage increase and it is one-third of the initial
 34 proposed percentage increase in the last year of the proposed increase.

35 ~~Q. If the voters in a school district vote to adopt a budget in excess~~
 36 ~~of the revenue control limit as provided in subsection I or J of this~~
 37 ~~section, any additional increase shall be included in the aggregate budget~~
 38 ~~limit for each of the years authorized. Any additional increase shall be~~
 39 ~~excluded from the determination of equalization assistance. The school~~
 40 ~~district governing board, however, may levy on the assessed valuation used~~
 41 ~~for secondary property tax purposes of the property in the school district~~
 42 ~~the additional increase if adopted under subsection I of this section for the~~
 43 ~~period of one year, two years or five through seven years as authorized. If~~
 44 ~~an additional increase is approved as provided in subsection J of this~~
 45 ~~section, the increase may only be budgeted and expended if sufficient monies~~

~~are available in the maintenance and operation fund of the school district. If a budget increase was previously authorized and will be in effect for the budget year or budget year and subsequent years, as provided in subsection I or J of this section, the governing board may request a new budget increase as provided in the same subsection under which the prior budget increase was adopted that does not exceed the maximum amount permitted under subsection K of this section. If the voters in the school district authorize the new budget increase amount, the existing budget increase no longer is in effect. If the voters in the school district do not authorize the budget increase amount, the existing budget increase remains in effect for the time period for which it was authorized. The maximum additional increase authorized as provided in subsection I or J of this section and the additional increase that is included in the aggregate budget limit is based on a percentage of a school district's revenue control limit in future years, if the budget increase is authorized for more than one year. If the additional increase:~~

~~1. Is for two years, the proposed increase in the second year is equal to the initial proposed percentage increase.~~

~~2. Is for five years or more, the proposed increase is equal to the initial proposed percentage increase in the following years of the proposed increase, except that in the next to last year it is two-thirds of the initial proposed percentage increase and it is one-third of the initial proposed percentage increase in the last year of the proposed increase.~~

~~R.~~ **N.** If the voters in a school district vote to adopt a budget in excess of the capital outlay revenue limit as provided in subsection ~~I~~ **I** of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. The additional increase shall be excluded from the determination of equalization assistance. The school district governing board ~~may~~, however, **MAY** levy on the assessed valuation used for secondary property tax purposes of the property in the school district the additional increase for the period authorized but not to exceed ten years. For overrides approved by a vote of the qualified electors of the school district at an election held from and after October 31, 1998, the period of the additional increase prescribed in this subsection shall not exceed seven years for any capital override election.

~~S.~~ **O.** If the voters in a school district vote to adopt a budget in excess of the capital outlay revenue limit as provided in subsection ~~M~~ **J** of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. The additional increase shall be excluded from the determination of equalization assistance. The school district governing board may only use revenues derived from the school district's prior year's maintenance and operation fund ending cash balance and capital outlay fund ending cash balance to fund the additional increase for the period authorized but not to exceed ten years. For overrides approved by a vote of the qualified electors of the school district at an election held from and after October 31, 1998, the period of the additional

1 increase prescribed in this subsection shall not exceed seven years for any
2 capital override election.

3 ~~T~~ P. In addition to subsections ~~P~~ M and ~~S~~ O of this section, from
4 the maintenance and operation fund and capital outlay fund ending cash
5 balances, the school district governing board shall first use any available
6 revenues to reduce its primary tax rate to zero and shall use any remaining
7 revenues to fund the additional increase authorized as provided in
8 subsections F and ~~M~~ J of this section.

9 ~~H~~ Q. If the voters in a school district disapprove the proposed
10 budget, the alternate budget which, except for any budget increase authorized
11 by a prior election, does not include an increase in the budget in excess of
12 the amount provided in section 15-905 shall be adopted by the governing board
13 as provided in section 15-905.

14 ~~V~~ R. The governing board may request that any override election be
15 cancelled if any change in chapter 9 of this title changes the amount of the
16 aggregate budget limit as provided in section 15-905. The request to cancel
17 the override election shall be made to the county school superintendent at
18 least ten days prior to the date of the scheduled override election.

19 ~~W~~ S. For any election conducted pursuant to subsection ~~L~~ I or ~~M~~ J
20 of this section:

21 1. The ballot shall include the following statement in addition to any
22 other statement required by this section:

23 The capital improvements that are proposed to be funded
24 through this override election are to exceed the state standards
25 and are in addition to monies provided by the state.

26 _____ school district is proposing to increase its
27 budget by \$_____ to fund capital improvements over and
28 above those funded by the state. Under the students first
29 capital funding system, _____ school district is entitled to
30 state monies for building renewal, new construction and
31 renovation of school buildings in accordance with state law.

32 2. The ballot shall contain the words "budget increase, yes" and
33 "budget increase, no", and the voter shall signify the voter's desired
34 choice.

35 3. At least eighty-five days before the election, the school district
36 shall submit proposed ballot language to the director of the Arizona
37 legislative council. The director of the Arizona legislative council shall
38 review the proposed ballot language to determine whether the proposed ballot
39 language complies with this section. If the director of the Arizona
40 legislative council determines that the proposed ballot language does not
41 comply with this section, the director, within ten calendar days of the
42 receipt of the proposed ballot language, shall notify the school district of
43 the director's objections and the school district shall resubmit revised
44 ballot language to the director for approval.

~~X.~~ T. If the voters approve the budget increase pursuant to subsection ~~I~~ or ~~M~~ J of this section, the school district shall not use the override proceeds for any purposes other than the proposed capital improvements listed in the publicity pamphlet, except that up to ten per cent of the override proceeds may be used for general capital expenses, including cost overruns of proposed capital improvements.

~~Y.~~ U. Each school district that currently increases its budget pursuant to subsection ~~I~~ or ~~M~~ J of this section is required to hold a public meeting each year between September 1 and October 31 at which an update of the progress of capital improvements financed through the override is discussed and at which the public is permitted an opportunity to comment. At a minimum, the update shall include a comparison of the current status and the original projections on the construction of capital improvements, the costs of capital improvements and the costs of capital improvements in progress or completed since the prior meeting and the future capital plans of the school district. The school district shall include in the public meeting a discussion of the school district's use of state capital aid and voter-approved bonding in funding capital improvements, if any.

~~Z.~~ V. If a budget in excess of the capital outlay revenue limit was previously adopted by the voters in a school district and will be in effect for the budget year or budget year and subsequent years, as provided in subsection ~~I~~ or ~~M~~ J of this section, the governing board may request an additional budget in excess of the capital outlay revenue limit. If the voters in a school district authorize the additional budget in excess of the capital outlay revenue limit, the existing capital outlay revenue limit budget increase remains in effect.

Sec. 6. Repeal

Section 15-482, Arizona Revised Statutes, is repealed.

Sec. 7. Section 15-901, Arizona Revised Statutes, is amended to read:

15-901. Definitions

A. In this title, unless the context otherwise requires:

1. "Average daily attendance" or "ADA" means actual average daily attendance through the first one hundred days or two hundred days in session, as applicable.

2. "Average daily membership" means the total enrollment of fractional students and full-time students, minus withdrawals, of each school day through the first one hundred days or two hundred days in session, as applicable, for the current year. Withdrawals include students formally withdrawn from schools and students absent for ten consecutive school days, except for excused absences as identified by the department of education. For computation purposes, the effective date of withdrawal shall be retroactive to the last day of actual attendance of the student.

(a) "Fractional student" means:

(i) For common schools, until fiscal year 2001-2002, a preschool child who is enrolled in a program for preschool children with disabilities of at

1 least three hundred sixty minutes each week or a kindergarten student at
2 least five years of age prior to January 1 of the school year and enrolled in
3 a school kindergarten program that meets at least three hundred forty-six
4 instructional hours during the minimum number of days required in a school
5 year as provided in section 15-341. In fiscal year 2001-2002, the
6 kindergarten program shall meet at least three hundred forty-eight hours. In
7 fiscal year 2002-2003, the kindergarten program shall meet at least three
8 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
9 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
10 the kindergarten program shall meet at least three hundred fifty-four hours.
11 In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten
12 program shall meet at least three hundred fifty-six hours. Lunch periods and
13 recess periods may not be included as part of the instructional hours unless
14 the child's individualized education program requires instruction during
15 those periods and the specific reasons for such instruction are fully
16 documented. In computing the average daily membership, preschool children
17 with disabilities and kindergarten students shall be counted as one-half of a
18 full-time student. For common schools, a part-time student is a student
19 enrolled for less than the total time for a full-time student as defined in
20 this section. A part-time common school student shall be counted as
21 one-fourth, one-half or three-fourths of a full-time student if the student
22 is enrolled in an instructional program that is at least one-fourth, one-half
23 or three-fourths of the time a full-time student is enrolled as defined in
24 subdivision (b) of this paragraph.

25 (ii) For high schools, a part-time student who is enrolled in less
26 than four subjects that count toward graduation as defined by the state board
27 of education in a recognized high school and who is taught in less than
28 twenty instructional hours per week prorated for any week with fewer than
29 five school days. A part-time high school student shall be counted as
30 one-fourth, one-half or three-fourths of a full-time student if the student
31 is enrolled in an instructional program that is at least one-fourth, one-half
32 or three-fourths of a full-time instructional program as defined in
33 subdivision (c) of this paragraph.

34 (b) "Full-time student" means:

35 (i) For common schools, a student who is at least six years of age
36 prior to January 1 of a school year, who has not graduated from the highest
37 grade taught in the school district and who is regularly enrolled in a course
38 of study required by the state board of education. Until fiscal year
39 2001-2002, first, second and third grade students, ungraded students at least
40 six, but under nine, years of age by September 1 or ungraded group B children
41 with disabilities who are at least five, but under six, years of age by
42 September 1 must be enrolled in an instructional program that meets for a
43 total of at least six hundred ninety-two hours during the minimum number of
44 days required in a school year as provided in section 15-341. In fiscal year
45 2001-2002, the program shall meet at least six hundred ninety-six hours. In

1 fiscal year 2002-2003, the program shall meet at least seven hundred hours.
2 In fiscal year 2003-2004, the program shall meet at least seven hundred four
3 hours. In fiscal year 2004-2005, the program shall meet at least seven
4 hundred eight hours. In fiscal year 2005-2006 and in each fiscal year
5 thereafter, the program shall meet at least seven hundred twelve hours.
6 Until fiscal year 2001-2002, fourth, fifth and sixth grade students or
7 ungraded students at least nine, but under twelve, years of age by September
8 1 must be enrolled in an instructional program that meets for a total of at
9 least eight hundred sixty-five hours during the minimum number of school days
10 required in a school year as provided in section 15-341. In fiscal year
11 2001-2002, the program shall meet at least eight hundred seventy hours. In
12 fiscal year 2002-2003, the program shall meet at least eight hundred
13 seventy-five hours. In fiscal year 2003-2004, the program shall meet at least
14 eight hundred eighty hours. In fiscal year 2004-2005, the program shall meet
15 at least eight hundred eighty-five hours. In fiscal year 2005-2006 and each
16 fiscal year thereafter, the program shall meet at least eight hundred ninety
17 hours. Until fiscal year 2001-2002, seventh and eighth grade students or
18 ungraded students at least twelve, but under fourteen, years of age by
19 September 1 must be enrolled in an instructional program that meets for a
20 total of at least one thousand thirty-eight hours during the minimum number
21 of days required in a school year as provided in section 15-341. In fiscal
22 year 2001-2002, the program shall meet at least one thousand forty-four
23 hours. In fiscal year 2002-2003, the program shall meet at least one
24 thousand fifty hours. In fiscal year 2003-2004, the program shall meet at
25 least one thousand fifty-six hours. In fiscal year 2004-2005, the program
26 shall meet at least one thousand sixty-two hours. In fiscal year 2005-2006
27 and each fiscal year thereafter, the program shall meet at least one thousand
28 sixty-eight hours. Lunch periods and recess periods may not be included as
29 part of the instructional hours unless the student is a child with a
30 disability and the child's individualized education program requires
31 instruction during those periods and the specific reasons for such
32 instruction are fully documented.

33 (ii) For high schools, except as provided in section 15-105, a student
34 not graduated from the highest grade taught in the school district, or an
35 ungraded student at least fourteen years of age by September 1, and enrolled
36 in at least a full-time instructional program of subjects that count toward
37 graduation as defined by the state board of education in a recognized high
38 school. A full-time student shall not be counted more than once for
39 computation of average daily membership.

40 (iii) For homebound or hospitalized, a student receiving at least four
41 hours of instruction per week.

42 (c) "Full-time instructional program" means:

43 (i) Through fiscal year 2000-2001, at least four subjects, each of
44 which, if taught each school day for the minimum number of days required in a
45 school year, would meet a minimum of one hundred twenty hours a year, or the

equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

(ii) For fiscal year 2001-2002, an instructional program that meets at least a total of seven hundred four hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-two hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

(iii) For fiscal year 2002-2003, an instructional program that meets at least a total of seven hundred eight hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-two hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

(iv) For fiscal year 2003-2004, an instructional program that meets at least a total of seven hundred twelve hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

(v) For fiscal year 2004-2005, an instructional program that meets at least a total of seven hundred sixteen hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

(vi) For fiscal year 2005-2006 and each fiscal year thereafter, an instructional program that meets at least a total of seven hundred twenty hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

3. "Budget year" means the fiscal year for which the school district is budgeting and which immediately follows the current year.

1 4. "Common school district" means a political subdivision of this
2 state offering instruction to students in programs for preschool children
3 with disabilities and kindergarten programs and grades one through eight.

4 5. "Current year" means the fiscal year in which a school district is
5 operating.

6 6. "Daily attendance" means:

7 (a) For common schools, days in which a pupil:

8 (i) Of a kindergarten program or ungraded, but not group B children
9 with disabilities, and at least five, but under six, years of age by
10 September 1 attends at least three-quarters of the instructional time
11 scheduled for the day. If the total instruction time scheduled for the year
12 is at least three hundred forty-six hours but is less than six hundred
13 ninety-two hours such attendance shall be counted as one-half day of
14 attendance. If the instructional time scheduled for the year is at least six
15 hundred ninety-two hours, "daily attendance" means days in which a pupil
16 attends at least one-half of the instructional time scheduled for the day.
17 Such attendance shall be counted as one-half day of attendance.

18 (ii) Of the first, second or third grades, ungraded and at least six,
19 but under nine, years of age by September 1 or ungraded group B children with
20 disabilities and at least five, but under six, years of age by September 1
21 attends more than three-quarters of the instructional time scheduled for the
22 day.

23 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
24 nine, but under twelve, years of age by September 1 attends more than
25 three-quarters of the instructional time scheduled for the day, except as
26 provided in section 15-797.

27 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
28 but under fourteen, years of age by September 1 attends more than
29 three-quarters of the instructional time scheduled for the day, except as
30 provided in section 15-797.

31 (b) For common schools, the attendance of a pupil at three-quarters or
32 less of the instructional time scheduled for the day shall be counted as
33 follows, except as provided in section 15-797 and except that attendance for
34 a fractional student shall not exceed the pupil's fractional membership:

35 (i) If attendance for all pupils in the school is based on quarter
36 days, the attendance of a pupil shall be counted as one-fourth of a day's
37 attendance for each one-fourth of full-time instructional time attended.

38 (ii) If attendance for all pupils in the school is based on half days,
39 the attendance of at least three-quarters of the instructional time scheduled
40 for the day shall be counted as a full day's attendance and attendance at a
41 minimum of one-half but less than three-quarters of the instructional time
42 scheduled for the day equals one-half day of attendance.

43 (c) For common schools, the attendance of a preschool child with
44 disabilities shall be counted as one-fourth day's attendance for each
45 thirty-six minutes of attendance not including lunch periods and recess

1 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
2 subsection for children with disabilities up to a maximum of three hundred
3 sixty minutes each week.

4 (d) For high schools or ungraded schools in which the pupil is at
5 least fourteen years of age by September 1, the attendance of a pupil shall
6 not be counted as a full day unless the pupil is actually and physically in
7 attendance and enrolled in and carrying four subjects, each of which, if
8 taught each school day for the minimum number of days required in a school
9 year, would meet a minimum of one hundred twenty hours a year, or the
10 equivalent, that count toward graduation in a recognized high school except
11 as provided in section 15-797 and subdivision (e) of this paragraph.
12 Attendance of a pupil carrying less than the load prescribed shall be
13 prorated.

14 (e) For high schools or ungraded schools in which the pupil is at
15 least fourteen years of age by September 1, the attendance of a pupil may be
16 counted as one-fourth of a day's attendance for each sixty minutes of
17 instructional time in a subject that counts toward graduation, except that
18 attendance for a pupil shall not exceed the pupil's full or fractional
19 membership.

20 (f) For homebound or hospitalized, a full day of attendance may be
21 counted for each day during a week in which the student receives at least
22 four hours of instruction.

23 (g) For school districts which maintain school for an approved
24 year-round school year operation, attendance shall be based on a computation,
25 as prescribed by the superintendent of public instruction, of the one hundred
26 eighty days' equivalency or two hundred days' equivalency, as applicable, of
27 instructional time as approved by the superintendent of public instruction
28 during which each pupil is enrolled.

29 7. "Daily route mileage" means the sum of:

30 (a) The total number of miles driven daily by all buses of a school
31 district while transporting eligible students from their residence to the
32 school of attendance and from the school of attendance to their residence on
33 scheduled routes approved by the superintendent of public instruction.

34 (b) The total number of miles driven daily on routes approved by the
35 superintendent of public instruction for which a private party, a political
36 subdivision or a common or a contract carrier is reimbursed for bringing an
37 eligible student from the place of his residence to a school transportation
38 pickup point or to the school of attendance and from the school
39 transportation scheduled return point or from the school of attendance to his
40 residence. Daily route mileage includes the total number of miles necessary
41 to drive to transport eligible students from and to their residence as
42 provided in this paragraph.

43 8. "District support level" means the base support level plus the
44 transportation support level.

1 9. "Eligible students" means:

2 (a) Students who are transported by or for a school district and who
3 qualify as full-time students or fractional students, except students for
4 whom transportation is paid by another school district or a county school
5 superintendent, and:

6 (i) For common school students, whose place of actual residence within
7 the school district is more than one mile from the school facility of
8 attendance or students who are admitted pursuant to section 15-816.01 and who
9 meet the economic eligibility requirements established under the national
10 school lunch and child nutrition acts (42 United States Code sections 1751
11 through 1785) for free or reduced price lunches and whose actual place of
12 residence outside the school district boundaries is more than one mile from
13 the school facility of attendance.

14 (ii) For high school students, whose place of actual residence within
15 the school district is more than one and one-half miles from the school
16 facility of attendance or students who are admitted pursuant to section
17 15-816.01 and who meet the economic eligibility requirements established
18 under the national school lunch and child nutrition acts (42 United States
19 Code sections 1751 through 1785) for free or reduced price lunches and whose
20 actual place of residence outside the school district boundaries is more than
21 one and one-half miles from the school facility of attendance.

22 (b) Kindergarten students, for purposes of computing the number of
23 eligible students under subdivision (a), item (i) of this paragraph, shall be
24 counted as full-time students, notwithstanding any other provision of law.

25 (c) Children with disabilities, as defined by section 15-761, who are
26 transported by or for the school district or who are admitted pursuant to
27 chapter 8, article 1.1 of this title and who qualify as full-time students or
28 fractional students regardless of location or residence within the school
29 district or children with disabilities whose transportation is required by
30 the pupil's individualized education program.

31 (d) Students whose residence is outside the school district and who
32 are transported within the school district on the same basis as students who
33 reside in the school district.

34 10. "Enrolled" or "enrollment" means when a pupil is currently
35 registered in the school district.

36 11. "GDP price deflator" means the average of the four implicit price
37 deflators for the gross domestic product reported by the United States
38 department of commerce for the four quarters of the calendar year.

39 12. "High school district" means a political subdivision of this state
40 offering instruction to students for grades nine through twelve or that
41 portion of the budget of a common school district which is allocated to
42 teaching high school subjects with permission of the state board of
43 education.

44 13. "Revenue control limit" means the base revenue control limit plus
45 the transportation revenue control limit.

1 14. "Student count" means average daily membership as prescribed in
2 this subsection for the fiscal year prior to the current year, except that
3 for the purpose of budget preparation student count means average daily
4 membership as prescribed in this subsection for the current year.

5 15. "Submit electronically" means submitted in a format and in a manner
6 prescribed by the department of education.

7 16. "Total bus mileage" means the total number of miles driven by all
8 buses of a school district during the school year.

9 17. "Total students transported" means all eligible students
10 transported from their place of residence to a school transportation pickup
11 point or to the school of attendance and from the school of attendance or
12 from the school transportation scheduled return point to their place of
13 residence.

14 18. "Unified school district" means a political subdivision of the
15 state offering instruction to students in programs for preschool children
16 with disabilities and kindergarten programs and grades one through twelve.

17 B. In this title, unless the context otherwise requires:

18 1. "Base" means the revenue level per student count specified by the
19 legislature.

20 2. "Base level" means:

21 (a) For fiscal year 2006-2007, three thousand one hundred thirty-three
22 dollars fifty-three cents.

23 (b) For fiscal year 2007-2008, three thousand two hundred twenty-six
24 dollars eighty-eight cents.

25 (c) FOR FISCAL YEAR 2008-2009, THREE THOUSAND TWO HUNDRED NINETY-ONE
26 DOLLARS FORTY-TWO CENTS.

27 3. "Base revenue control limit" means the base revenue control limit
28 computed as provided in section 15-944.

29 4. "Base support level" means the base support level as provided in
30 section 15-943.

31 5. "Certified teacher" means a person who is certified as a teacher
32 pursuant to the rules adopted by the state board of education, who renders
33 direct and personal services to school children in the form of instruction
34 related to the school district's educational course of study and who is paid
35 from the maintenance and operation section of the budget.

36 6. "ED, MIMR, SLD, SLI and OHI" means programs for children with
37 emotional disabilities, mild mental retardation, a specific learning
38 disability, a speech/language impairment and other health impairments.

39 7. "ED-P" means programs for children with emotional disabilities who
40 are enrolled in private special education programs as prescribed in section
41 15-765, subsection D, paragraph 1 or in an intensive school district program
42 as provided in section 15-765, subsection D, paragraph 2.

1 8. "ELL" means English learners who do not speak English or whose
2 native language is not English, who are not currently able to perform
3 ordinary classroom work in English and who are enrolled in an English
4 language education program pursuant to sections 15-751, 15-752 and 15-753.

5 9. "Full-time equivalent certified teacher" or "FTE certified teacher"
6 means for a certified teacher the following:

7 (a) If employed full time as defined in section 15-501, 1.00.

8 (b) If employed less than full time, multiply 1.00 by the percentage
9 of a full school day, or its equivalent, or a full class load, or its
10 equivalent, for which the teacher is employed as determined by the governing
11 board.

12 10. "Group A" means educational programs for career exploration, a
13 specific learning disability, an emotional disability, mild mental
14 retardation, remedial education, a speech/language impairment, homebound,
15 bilingual, preschool moderate delay, preschool speech/language delay, other
16 health impairments and gifted pupils.

17 11. "Group B" means educational improvements for pupils in kindergarten
18 programs and grades one through three, educational programs for autism, a
19 hearing impairment, moderate mental retardation, multiple disabilities,
20 multiple disabilities with severe sensory impairment, orthopedic impairments,
21 preschool severe delay, severe mental retardation and emotional disabilities
22 for school age pupils enrolled in private special education programs or in
23 school district programs for children with severe disabilities or visual
24 impairment and English learners enrolled in a program to promote English
25 language proficiency pursuant to section 15-752.

26 12. "HI" means programs for pupils with hearing impairment.

27 13. "Homebound" or "hospitalized" means a pupil who is capable of
28 profiting from academic instruction but is unable to attend school due to
29 illness, disease, accident or other health conditions, who has been examined
30 by a competent medical doctor and who is certified by that doctor as being
31 unable to attend regular classes for a period of not less than three school
32 months or a pupil who is capable of profiting from academic instruction but
33 is unable to attend school regularly due to chronic or acute health problems,
34 who has been examined by a competent medical doctor and who is certified by
35 that doctor as being unable to attend regular classes for intermittent
36 periods of time totaling three school months during a school year. The
37 medical certification shall state the general medical condition, such as
38 illness, disease or chronic health condition, that is the reason that the
39 pupil is unable to attend school. Homebound or hospitalized includes a
40 student who is unable to attend school for a period of less than three months
41 due to a pregnancy if a competent medical doctor, after an examination,
42 certifies that the student is unable to attend regular classes due to risk to
43 the pregnancy or to the student's health.

44 14. "K" means kindergarten programs.

45 15. "K-3" means kindergarten programs and grades one through three.

1 16. "MD-R, A-R and SMR-R" means resource programs for pupils with
2 multiple disabilities, autism and severe mental retardation.

3 17. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
4 with multiple disabilities, autism and severe mental retardation.

5 18. "MDSSI" means a program for pupils with multiple disabilities with
6 severe sensory impairment.

7 19. "MOMR" means programs for pupils with moderate mental retardation.

8 20. "OI-R" means a resource program for pupils with orthopedic
9 impairments.

10 21. "OI-SC" means a self-contained program for pupils with orthopedic
11 impairments.

12 22. "PSD" means preschool programs for children with disabilities as
13 provided in section 15-771.

14 23. "P-SD" means programs for children who meet the definition of
15 preschool severe delay as provided in section 15-771.

16 24. "Qualifying tax rate" means the qualifying tax rate specified in
17 section 15-971 applied to the assessed valuation used for primary property
18 taxes.

19 25. "Small isolated school district" means a school district which
20 meets all of the following:

21 (a) Has a student count of fewer than six hundred in kindergarten
22 programs and grades one through eight or grades nine through twelve.

23 (b) Contains no school which is fewer than thirty miles by the most
24 reasonable route from another school, or, if road conditions and terrain make
25 the driving slow or hazardous, fifteen miles from another school which
26 teaches one or more of the same grades and is operated by another school
27 district in this state.

28 (c) Is designated as a small isolated school district by the
29 superintendent of public instruction.

30 26. "Small school district" means a school district which meets all of
31 the following:

32 (a) Has a student count of fewer than six hundred in kindergarten
33 programs and grades one through eight or grades nine through twelve.

34 (b) Contains at least one school which is fewer than thirty miles by
35 the most reasonable route from another school which teaches one or more of
36 the same grades and is operated by another school district in this state.

37 (c) Is designated as a small school district by the superintendent of
38 public instruction.

39 27. "Transportation revenue control limit" means the transportation
40 revenue control limit computed as prescribed in section 15-946.

41 28. "Transportation support level" means the support level for pupil
42 transportation operating expenses as provided in section 15-945.

43 29. "VI" means programs for pupils with visual impairments.

44 30. "Voc. Ed." means career and technical education and vocational
45 education programs, as defined in section 15-781.

1 Sec. 8. Section 15-903, Arizona Revised Statutes, is amended to read:
2 15-903. Budget format; prohibited expenditures

3 A. The superintendent of public instruction in conjunction with the
4 auditor general shall prepare and prescribe a budget format to be utilized by
5 all school districts.

6 B. The budget format shall be designed to allow all school districts
7 to plan and provide in detail for the use of available funds. The budget
8 format shall contain distinct sections for, but need not be limited to,
9 maintenance and operation, debt service, special projects, capital outlay,
10 adjacent ways and classroom site fund. The maintenance and operation section
11 shall include, but need not be limited to, separate subsections for regular
12 education programs, special education programs and operational expenditures
13 for pupil transportation. Each subsection shall clearly distinguish
14 classroom instruction expenditures. The special education program subsection
15 shall include, but is not limited to, programs for each disability
16 classification as defined in section 15-761 and programs for gifted,
17 vocational and technological education, remedial education and bilingual
18 students. The total expenditures for each of these programs shall be
19 included on the budget form. The pupil transportation subsection shall
20 include all operational expenditures relating to the transportation of
21 pupils, including all operational expenditures within a contract if the
22 school district contracts for pupil transportation.

23 C. The capital outlay section of the budget shall include separate
24 subsections for unrestricted capital outlay and soft capital allocation. The
25 soft capital allocation subsection shall include budgeted expenditures as
26 prescribed in section 15-962. The unrestricted capital outlay subsection
27 shall include budgeted expenditures for acquisitions by purchase,
28 lease-purchase or lease of capital items as defined in the uniform system of
29 financial records. These sections and subsections shall include:

30 1. Land, buildings and improvements to land and buildings, including
31 labor and related employee benefits costs and material costs if work is
32 performed by school district employees.

33 2. Furniture, furnishings, athletic equipment and other equipment,
34 including computer software.

35 3. Pupil and nonpupil transportation vehicles and equipment, including
36 all capital expenditures within a contract if the school district contracts
37 for pupil transportation.

38 4. Textbooks and related printed subject matter materials adopted by
39 the governing board.

40 5. Instructional aids.

41 6. Library books.

42 7. Payment of principal and interest on bonds.

43 8. School district administration emergency needs that are directly
44 related to pupils.

1 D. The budget format shall contain distinct subsections for the
2 following:

3 ~~1. Special programs to improve academic achievement of pupils in~~
4 ~~kindergarten programs and grades one through three as provided in section~~
5 ~~15-482.~~

6 ~~2.~~ 1. School plant funds.

7 ~~3.~~ 2. Capital outlay budget increases as provided in section 15-481.

8 ~~4.~~ 3. Property taxation including the following:

9 (a) The primary tax rates for the school district for the current year
10 and the budget year.

11 (b) The secondary tax rates for maintenance and operation, K-3 and
12 capital overrides for the school district for the current year and the budget
13 year.

14 (c) The secondary tax rates for class A bonds for the school district
15 for the current year and the budget year.

16 (d) The secondary tax rates for class B bonds for the school district
17 for the current year and the budget year.

18 ~~5.~~ 4. A description of any corrections or adjustments made to the
19 budget pursuant to section 15-915.

20 E. The budget format shall also contain:

21 1. A statement identifying proposed pupil-teacher ratios and
22 pupil-staff ratios relating to the provision of special education services
23 for the budget year.

24 2. A statement identifying the number of full-time equivalent
25 certified employees.

26 ~~3. If a governing board uses section 15-942 relating to the adjustment~~
27 ~~for rapid decline in student count, a statement identifying the actual per~~
28 ~~cent decline in student count and a statement identifying the additional~~
29 ~~allowable expenditures attributable to using the rapid decline provisions as~~
30 ~~provided in section 15-942.~~

31 F. The special projects section shall include budgeted expenditures
32 for state special projects, including special adult projects, career
33 education, deficiencies correction fund projects, building renewal fund
34 projects and new school facilities fund projects, such federal special
35 projects as ESEA title programs, vocational education and title IV Indian
36 education, and other special projects.

37 G. A school district shall not make expenditures for campaign
38 literature associated with school district or charter school officials. If
39 the superintendent of public instruction determines that a school district
40 has violated this subsection, the superintendent of public instruction may
41 withhold any portion of the school district's apportionment of state aid.

42 H. The budget format shall include an electronic format that shall be
43 submitted for each proposed, adopted and revised budget.

1 Sec. 9. Section 15-913, Arizona Revised Statutes, is amended to read:
2 15-913. Education program: juvenile detention centers

3 A. Each county that operates a juvenile detention center shall offer
4 an education program to serve all school-age children in its juvenile
5 detention center. The county school superintendent and the presiding
6 juvenile court judge in each county shall agree on the method of delivery of
7 the juvenile detention center education program.

8 B. The state board of education shall prescribe standards and
9 achievement testing requirements for county juvenile detention center
10 education programs that shall attempt to ensure that the programs are
11 compatible with public school education goals and requirements. The county
12 school superintendent shall attempt to coordinate the program with each
13 pupil's school district of residence to assist the pupil's transition back to
14 the school district at the appropriate time.

15 C. A county may operate its juvenile detention center education
16 program through an existing accommodation school.

17 D. If a county chooses not to operate its juvenile detention center
18 education program through an existing accommodation school, the county school
19 superintendent may establish a detention center education fund to provide
20 financial support to the program. The detention center education fund for
21 each program shall consist of a base amount plus a variable amount. For
22 fiscal year 1994-1995 the base amount is twenty thousand dollars and the
23 variable amount shall be determined pursuant to subsection E of this section.
24 Beginning with fiscal year 1995-1996 the base amount is the amount for the
25 prior year adjusted by the growth rate prescribed by law, subject to
26 appropriation. The base amount and variable amount for each county or
27 counties served shall be funded with state general fund monies, subject to
28 appropriation. The county school superintendent must submit claims for
29 payments to the state superintendent of public instruction. The county
30 school superintendent shall deposit the payments into the detention center
31 education fund.

32 E. The variable amount shall be determined as follows:

33 1. Determine the number of days in the prior fiscal year that each
34 child who had been in the detention center for more than forty-eight hours
35 received an instructional program of at least two hundred forty minutes. No
36 school district may count a child as being in attendance in that school
37 district on a day that the child is counted for the purposes of this
38 paragraph.

39 2. Multiply the number of days determined under paragraph 1 of this
40 subsection by the following amount:

41 (a) For fiscal year 1994-1995, fifteen dollars.

42 (b) For fiscal year 1995-1996 and thereafter, the amount for the prior
43 year adjusted by the growth rate prescribed by law, subject to appropriation.

44 3. For each child with a disability as defined in section 15-761 who
45 had been in the detention center for more than forty-eight hours:

1 (a) Determine the amount prescribed in section 15-1204, subsection E,
2 paragraph 1 or 2 and add one hundred dollars for capital outlay costs.

3 (b) Divide the sum determined under subdivision (a) of this paragraph
4 by one hundred seventy-five.

5 (c) Subtract the amount prescribed in paragraph 2, subdivision (a) or
6 (b) of this subsection from the quotient determined in subdivision (b) of
7 this paragraph.

8 (d) Determine the number of days in the prior fiscal year that the
9 child received an instructional program of at least two hundred forty
10 minutes.

11 (e) Multiply the amount determined in subdivision (d) of this
12 paragraph by the difference determined in subdivision (c) of this paragraph.

13 4. Add the amounts determined in paragraph 3 of this subsection for
14 all children with disabilities.

15 5. Add the sum determined in paragraph 4 of this subsection to the
16 product determined in paragraph 2 of this subsection. This sum is the
17 variable amount.

18 F. If a county detention center education program serves more than one
19 county, the county school superintendents and the presiding juvenile court
20 judges of the counties being served shall agree on a county of jurisdiction.
21 The county school superintendent shall deposit into the detention center
22 education fund of the county of jurisdiction monies that are received from
23 the superintendent of public instruction pursuant to this section for all
24 counties served by the county of jurisdiction.

25 G. If a county operated a juvenile detention center education program
26 through an accommodation school in the year before it begins to operate its
27 juvenile detention center education program as provided in subsection D of
28 this section, for the first year of operation as provided in subsection D of
29 this section, the student count of the accommodation school shall be reduced
30 by the student count attributable to the detention center program. ~~The~~
31 ~~provisions of section 15-942 shall not apply to this reduction in student~~
32 ~~count.~~

33 Sec. 10. Section 15-913.01, Arizona Revised Statutes, is amended to
34 read:

35 15-913.01. Education program; county jails

36 A. Each county that operates a county jail shall offer an education
37 program to serve all prisoners who are under eighteen years of age and
38 prisoners with disabilities who are age twenty-one or younger and who are
39 confined in the county jail. The county school superintendent and the
40 sheriff in each county shall agree on the method of delivery of the education
41 program.

42 B. The county school superintendent shall develop policies and
43 procedures for the transfer of educational records of any prisoner confined
44 in a county jail who has been transferred from a juvenile detention center or

1 from any other public agency which has provided educational services to that
2 prisoner.

3 C. A county may operate its county jail education program through an
4 accommodation school that provides alternative education services pursuant to
5 section 15-308, except that each pupil enrolled in the accommodation school
6 county jail education program shall be funded at an amount equal to
7 seventy-two per cent of the amount for that pupil if that pupil were enrolled
8 in another accommodation school program.

9 D. If a county chooses not to operate its county jail education
10 program through an accommodation school, the county school superintendent may
11 establish a county jail education fund to provide financial support to the
12 program. The county jail education fund for each program shall consist of a
13 base amount plus a variable amount. For fiscal year 1999-2000 the base
14 amount is fourteen thousand four hundred dollars and the variable amount
15 shall be determined pursuant to subsection E of this section. The base
16 amount and variable amount for each county or counties served shall be funded
17 with state general fund monies, subject to appropriation. The county school
18 superintendent must submit claims for payments to the state superintendent of
19 public instruction. The county school superintendent shall deposit the
20 payments into the county jail education fund.

21 E. The variable amount shall be determined as follows:

22 1. Determine the number of days in the prior fiscal year that each
23 pupil who is a prisoner and had been in the county jail for more than
24 forty-eight hours received an instructional program of at least two hundred
25 forty minutes. No school district may count a pupil as being in attendance
26 in that school district on a day that the pupil is counted as a prisoner for
27 the purposes of this paragraph.

28 2. Multiply the number of days determined under paragraph 1 of this
29 subsection by the following amount:

30 (a) For fiscal year 1999-2000, ten dollars eighty cents.

31 (b) For fiscal year 2000-2001 and each year thereafter, the amount for
32 the prior year adjusted by any growth rate prescribed by law, subject to
33 legislative appropriation.

34 3. For each pupil who is a child with a disability as defined in
35 section 15-761, who is a prisoner and who had been in the county jail for
36 more than forty-eight hours:

37 (a) Determine the amount prescribed in section 15-1204, subsection E,
38 paragraph 1 or 2, multiply the amount by .72 and add seventy-two dollars for
39 capital outlay costs.

40 (b) Divide the sum determined under subdivision (a) of this paragraph
41 by one hundred seventy-five.

42 (c) Subtract the amount prescribed in paragraph 2 of this subsection
43 from the quotient determined in subdivision (b) of this paragraph.

(d) Determine the number of days in the prior fiscal year that the pupil received an instructional program of at least two hundred forty minutes.

(e) Multiply the amount determined in subdivision (d) of this paragraph by the difference determined in subdivision (c) of this paragraph.

4. Add the amounts determined in paragraph 3 of this subsection for all pupils with disabilities who are prisoners.

5. Add the sum determined in paragraph 4 of this subsection to the product determined in paragraph 2 of this subsection. This sum is the variable amount.

F. If a county jail education program serves more than one county, the county school superintendents and the sheriffs of the counties being served shall agree on a county of jurisdiction. The county school superintendent shall deposit into the county jail education fund of the county of jurisdiction monies that are received from the superintendent of public instruction pursuant to this section for all counties served by the county of jurisdiction.

G. If a county operated a county jail education program through an accommodation school in the year before it begins to operate its county jail education program as provided in subsection D of this section, for the first year of operation as provided in subsection D of this section, the student count of the accommodation school shall be reduced by the average daily membership attributable to the accommodation school's county jail program in its last fiscal year of operation. ~~The provisions of section 15-942 shall not apply to this reduction in student count.~~

Sec. 11. Repeal

Section 15-942, Arizona Revised Statutes, is repealed.

Sec. 12. Section 15-943.01, Arizona Revised Statutes, is amended to read:

15-943.01. Maintenance and operation budget balance: definition

A. The governing board of a school district may budget any budget balance in the maintenance and operation section of the budget, as provided in section 15-903, from the current fiscal year for use in the maintenance and operation section of the budget in the budget year. The amount which may be budgeted as the budget balance carryforward in any one fiscal year shall not exceed four per cent of the school district's revenue control limit, as provided in section 15-947, subsection A, for the current year and shall not include any budget balance attributable to any reduction in the district's general budget limit including reductions for items which are exempt from the revenue control limit and for which expenditures are limited to a designated purpose such as excess insurance costs or excess utility costs or for the bond issues portion of the cost of tuition. ~~A school district may include in the budget balance carryforward in any fiscal year up to fifty per cent of the unspent proceeds of an override election conducted pursuant to section~~

1 ~~15-482.~~ The amount budgeted as the budget balance carryforward is
2 specifically exempt from the revenue control limit.

3 B. If the actual amount of the allowable budget balance carryforward
4 is less than the amount budgeted for the budget balance carryforward, the
5 governing board shall adjust the general budget limit and expenditures before
6 May 15 based on the actual allowable budget balance carryforward. If the
7 actual amount of the allowable budget balance carryforward is more than the
8 amount budgeted for the budget balance carryforward, the governing board may
9 adjust its budget before May 15 based on the actual amount of the allowable
10 fund balance carryforward. Not later than May 18, the budget as revised
11 shall be submitted electronically to the superintendent of public
12 instruction.

13 C. If the governing board is eligible to budget for a budget balance
14 carryforward as provided in subsection A of this section, the governing board
15 may transfer an amount from the district's ending cash balance of the
16 maintenance and operations fund to the school opening fund. The maximum
17 amount that may be transferred is the lesser of the district's ending cash
18 balance in the maintenance and operations fund or the amount the district is
19 eligible to budget as a budget balance carryforward. The school opening fund
20 is a cash controlled fund as provided in section 15-905, subsection N, and
21 may only be expended for the additional maintenance and operations expenses
22 incurred in the first year of operation of a new school within the school
23 district. The monies in the school opening fund are not subject to
24 reversion, except that at the end of five years of no activity in the fund,
25 any remaining monies shall be reverted to the maintenance and operations
26 fund. Any monies so reverted may be considered additional budget balance for
27 that fiscal year.

28 D. If a governing board transfers monies as provided in subsection C
29 of this section, the amount so transferred in a fiscal year shall be
30 subtracted from the amount the district would otherwise be eligible to budget
31 for that fiscal year as provided in subsection A of this section. The
32 difference, if any, is the maximum amount that may be budgeted for that
33 fiscal year as a budget balance carryforward.

34 E. For the purposes of this section, "budget balance" means the
35 difference between actual and budgeted expenditures.

36 Sec. 13. Section 15-945, Arizona Revised Statutes, is amended to read:

37 15-945. [Transportation support level](#)

38 A. The support level for to and from school for each school district
39 for the current year shall be computed as follows:

40 1. Determine the approved daily route mileage of the school district
41 for the fiscal year prior to the current year.

42 2. Multiply the figure obtained in paragraph 1 of this subsection by
43 one hundred eighty.

44 3. Determine the number of eligible students transported in the fiscal
45 year prior to the current year.

4. Divide the amount determined in paragraph 1 of this subsection by the amount determined in paragraph 3 of this subsection to determine the approved daily route mileage per eligible student transported.

5. Determine the classification in column 1 of this paragraph for the quotient determined in paragraph 4 of this subsection. Multiply the product obtained in paragraph 2 of this subsection by the corresponding state support level for each route mile as provided in column 2 of this paragraph.

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route Mileage per Eligible Student Transported	State Support Level per Route Mile for Fiscal Year 2007-2008 <u>2008-2009</u>
0.5 or less	\$2.23 \$2.27
More than 0.5 through 1.0	\$1.81 \$1.85
More than 1.0	\$2.23 \$2.27

6. Add the amount spent during the prior fiscal year for bus tokens and bus passes for students who qualify as eligible students as defined in section 15-901.

B. The support level for academic education, career and technical education, vocational education and athletic trips for each school district for the current year is computed as follows:

1. Determine the classification in column 1 of paragraph 2 of this subsection for the quotient determined in subsection A, paragraph 4 of this section.

2. Multiply the product obtained in subsection A, paragraph 5 of this section by the corresponding state support level for academic education, career and technical education, vocational education and athletic trips as provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for the type of district.

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Approved Daily Route Mileage per Eligible Student Transported	District Type <u>02 or 03</u>	District Type <u>04</u>	District Type <u>05</u>
0.5 or less	0.15	0.10	0.25
More than 0.5 through 1.0	0.15	0.10	0.25
More than 1.0	0.18	0.12	0.30

For the purposes of this paragraph, "district type 02" means a unified school district or an accommodation school that offers instruction in grades nine through twelve, "district type 03" means a common school district not within a high school district, "district type 04" means a common school district within a high school district or an accommodation school that does not offer instruction in grades nine through twelve and "district type 05" means a high school district.

C. The support level for extended school year services for pupils with disabilities is computed as follows:

1 1. Determine the sum of the following:

2 (a) The total number of miles driven by all buses of a school district
3 while transporting eligible pupils with disabilities on scheduled routes from
4 their residence to the school of attendance and from the school of attendance
5 to their residence on routes for extended school year services in accordance
6 with section 15-881.

7 (b) The total number of miles driven on routes approved by the
8 superintendent of public instruction for which a private party, a political
9 subdivision or a common or a contract carrier is reimbursed for bringing an
10 eligible pupil with a disability from the place of the pupil's residence to a
11 school transportation pickup point or to the school facility of attendance
12 and from the school transportation scheduled return point or from the school
13 facility to the pupil's residence for extended school year services in
14 accordance with section 15-881.

15 2. Multiply the sum determined in paragraph 1 of this subsection by
16 the state support level for the district determined as provided in subsection
17 A, paragraph 5 of this section.

18 D. The transportation support level for each school district for the
19 current year is the sum of the support level for to and from school as
20 determined in subsection A of this section, the support level for academic
21 education, career and technical education, vocational education and athletic
22 trips as determined in subsection B of this section and the support level for
23 extended school year services for pupils with disabilities as determined in
24 subsection C of this section.

25 E. The state support level for each approved route mile, as provided
26 in subsection A, paragraph 5 of this section, shall be adjusted by the growth
27 rate prescribed by law, subject to appropriation.

28 Sec. 14. Section 15-951, Arizona Revised Statutes, is amended to read:

29 15-951. Revenue control limit, capital outlay revenue limit,
30 soft capital allocation, district support level and
31 student count for a common school district not within
32 a high school district

33 A. Notwithstanding section 15-947, the revenue control limit for a
34 common school district not within a high school district is the sum of the
35 following:

36 1. The base revenue control limit computed as prescribed in section
37 15-944 but excluding pupils admitted to another school district as provided
38 in section 15-824, subsection A, paragraph 2.

39 2. The tuition payable for high school pupils who attend school in
40 another school district as provided in section 15-824, subsection A,
41 paragraph 2, including any transportation charge, except as provided in
42 subsection H of this section.

43 3. The transportation revenue control limit for all pupils who reside
44 in the district except those high school pupils transported by another
45 district.

1 B. Notwithstanding subsection A of this section, for the purposes of
2 sections 15-481, ~~15-482~~ and 15-1102, the revenue control limit for a common
3 school district not within a high school district is the sum of the
4 following:

5 1. The base revenue control limit for pupils computed as prescribed in
6 section 15-944 but excluding pupils admitted to another school district as
7 provided in section 15-824, subsection A, paragraph 2.

8 2. The transportation revenue control limit for all pupils who reside
9 in the district except those high school pupils transported by another
10 district.

11 C. Notwithstanding section 15-961, the capital outlay revenue limit
12 for a common school district not within a high school district is the capital
13 outlay revenue limit computed as prescribed in section 15-961 but excluding
14 pupils who are admitted to another school district as provided in section
15 15-824, subsection A, paragraph 2.

16 D. Notwithstanding section 15-962, the soft capital allocation for a
17 common school district not within a high school district is the soft capital
18 allocation computed as prescribed in section 15-962 but excluding pupils who
19 are both admitted to another school district as provided in section 15-824,
20 subsection A, paragraph 2 and not transported by the common school district.

21 E. Notwithstanding section 15-947, the district support level for a
22 common school district not within a high school district is the sum of the
23 following:

24 1. The base support level computed as prescribed in section 15-943 but
25 excluding pupils who are admitted to another school district as provided in
26 section 15-824, subsection A, paragraph 2.

27 2. The tuition payable for high school pupils who are admitted to
28 another school district as provided in section 15-824, subsection A,
29 paragraph 2, including any transportation charge, except as provided in
30 subsection H of this section.

31 3. The transportation support level for all pupils who reside in the
32 school district except those high school pupils transported by another school
33 district.

34 ~~F. For the purpose of determining eligibility to adjust the student~~
35 ~~count as provided in section 15-942, the student count for a common school~~
36 ~~district not within a high school district is the student count for pupils in~~
37 ~~the school district less the student count for pupils enrolled in another~~
38 ~~school district as provided in section 15-824, subsection A, paragraph 2.~~

39 ~~G.~~ F. For the purpose of determining eligibility to increase the
40 revenue control limit and district support level or recompute the revenue
41 control limit as provided in section 15-948, the student count for a common
42 school district not within a high school district is the student count for
43 pupils in kindergarten programs and grades one through twelve, including
44 pupils enrolled in another school district as provided in section 15-824,
45 subsection A, paragraph 2.

~~H.~~ G. The tuition amount in subsections A and E of this section shall not include amounts per student count for bond issues as prescribed by section 15-824, subsection G, paragraph 1, subdivision (c) in excess of the following:

1. One hundred fifty dollars if the pupil's school district of residence pays tuition for seven hundred fifty or fewer pupils to other school districts.

2. Two hundred dollars if the pupil's school district of residence pays tuition for one thousand or fewer, but more than seven hundred fifty pupils to other school districts.

3. The actual cost per student count if the pupil's school district of residence pays tuition for more than one thousand pupils to other school districts.

Sec. 15. Section 15-1102, Arizona Revised Statutes, is amended to read:

15-1102. Disposition of proceeds from sale or lease of school property; school plant monies; payment of bonded indebtedness; definition

A. The governing board, or the superintendent or chief administrative officer with the approval of the governing board, may expend the proceeds from the sale or lease of school property for the payment of any outstanding bonded indebtedness of the school district or for the reduction of school district taxes.

B. A common school district or high school district which has an outstanding bonded indebtedness of seven per cent of the current year's assessed valuation or less or a unified school district which has an outstanding bonded indebtedness of fourteen per cent of the current year's assessed valuation or less may expend the proceeds from the sale or lease of school property for maintenance and operation or capital outlay, subject to the following limitations:

1. During the period that proceeds from the sale or lease of school property are used for capital outlay, the school district shall not call an override election to exceed the capital outlay revenue limit, except that during the last year of that period the school district may authorize an override election to exceed the capital outlay revenue limit beginning with the following year.

2. The total sum of the proceeds from the sale of school property before July 1, 1998 or the lease of school property for more than one year expended for maintenance and operation shall not exceed fifteen per cent of the revenue control limit as provided in section 15-947, subsection A in any year of which ten per cent may be used without voter approval and an additional five per cent may be used if the additional amount is approved by a majority of the qualified electors voting in an election called for such purposes. The election shall be conducted and notice and ballots shall be prepared as provided in section 15-481. Proceeds from the sale of school

1 property from and after June 30, 1998 shall not be expended for maintenance
2 and operation.

3 3. In any fiscal year in which a district utilizes budget increases as
4 authorized in section 15-481, subsection E or F ~~or section 15-482~~ or utilizes
5 the proceeds from the sale of school property before July 1, 1998 or the
6 lease of school property for more than one year for maintenance and operation
7 or any combination of these provisions, the total amount of these increases
8 which may be expended is equal to fifteen per cent of the revenue control
9 limit for that year as provided in section 15-947, subsection A, provided
10 that the following maximum amount is attributable to the use of any one
11 provision:

12 (a) Fifteen per cent of the revenue control limit when using the
13 proceeds from the sale before July 1, 1998 or lease of school property for
14 maintenance and operation as provided in this section.

15 (b) ~~Ten~~ FIFTEEN per cent of the revenue control limit when using a
16 budget increase as provided in section 15-481, subsection E or F, or both.

17 ~~(c) Five per cent of the revenue control limit when using a budget~~
18 ~~increase as provided in section 15-482.~~

19 C. A common school district or high school district which has an
20 outstanding bonded indebtedness of greater than seven per cent of the current
21 year's assessed valuation or a unified school district which has an
22 outstanding bonded indebtedness of greater than fourteen per cent of the
23 current year's assessed valuation may expend the proceeds from the lease or
24 sale of school property as follows:

25 1. For maintenance and operation the expenditure may not exceed the
26 lesser of the limit in subsection B, paragraph 2 or 3 of this section or the
27 amount of the proceeds from the lease of school property multiplied by .25.

28 2. For capital outlay, the expenditure of the proceeds:

29 (a) From the sale of school property may not exceed the amount of the
30 proceeds multiplied by .62.

31 (b) From the lease of school property is not limited.

32 D. The governing board, or the superintendent or chief administrative
33 officer with the approval of the governing board, shall promptly deposit
34 monies received for and derived from the sale or lease of school property
35 with the county treasurer who shall establish three school plant funds, one
36 fund for monies received from the sale before July 1, 1998 or lease of school
37 property for more than one year, one fund for monies received from the sale
38 of school property from and after June 30, 1998 and one fund for monies
39 received from the lease of school property for one year or less. The county
40 treasurer shall credit the deposits to the respective school plant fund of
41 the respective school district. Monies placed to the credit of the school
42 plant funds may be expended as provided in this section. The school plant
43 funds are continuing funds not subject to reversion.

44 E. Notwithstanding subsection C of this section, the governing board,
45 or the superintendent or chief administrative officer with the approval of

1 the governing board, may expend the proceeds from the sale before July 1,
2 1998 or lease of school property for the additional maintenance and
3 operations expenses incurred as the result of operating on a year-round
4 school year operation basis pursuant to section 15-855. The amount that the
5 governing board, superintendent or chief administrative officer may expend
6 for a year-round school year operation, as provided in this subsection, is
7 limited to the actual maintenance and operations costs incurred as the result
8 of the year-round school year operation as documented in the school
9 district's budget as provided in section 15-855. A governing board,
10 superintendent or chief administrative officer that utilizes the provisions
11 of this subsection is subject to all other limitations prescribed in this
12 section regarding the expenditure of proceeds from the sale before July 1,
13 1998 or lease of school property.

14 F. Notwithstanding subsections B and D of this section, if the school
15 district electors approve the sale of school property and the use of the
16 proceeds for the purchase of school sites or the construction, improvement or
17 furnishing of school facilities, the proceeds from the sale shall be put in a
18 separate fund for use for the approved purpose as prescribed by the uniform
19 system of financial records. This fund is a continuing fund not subject to
20 reversion, except that after ten years any unexpended monies shall be put in
21 the school plant fund for use as prescribed in this section.

22 G. Proceeds from sales by condemnation or sales under threat of
23 condemnation may be deposited with the county treasurer for deposit in the
24 condemnation fund or the school plant fund of the school district. The
25 condemnation fund is a continuing fund not subject to reversion, except that
26 after ten years any unspent monies shall be placed in the school plant fund
27 to be used as prescribed in this section. The governing board, or the
28 superintendent or chief administrative officer with the approval of the
29 governing board, may apply the proceeds in the condemnation fund to:

30 1. The payment of any outstanding bonded indebtedness of the school
31 district which is payable from the levy of taxes upon property within the
32 school district.

33 2. Construct, acquire, improve, repair or furnish school facilities or
34 sites after notice and a hearing.

35 H. Proceeds from a right-of-way settlement shall be deposited with the
36 county treasurer for deposit in the condemnation fund of the school district.
37 The governing board, or the superintendent or chief administrative officer
38 with the approval of the governing board, shall apply such proceeds in the
39 condemnation fund to construct, acquire, improve, repair or furnish school
40 facilities or sites after notice and a hearing.

41 I. For THE purposes of this section, "capital outlay" means
42 unrestricted capital outlay as prescribed in section 15-903, subsection C.

1 Sec. 16. Section 15-1371, Arizona Revised Statutes, is amended to
2 read:

3 15-1371. Equalization assistance for state educational system
4 for committed youth; state education fund for
5 committed youth

6 A. The superintendent of the state educational system for committed
7 youth shall calculate a base support level as prescribed in section 15-943
8 and a capital outlay revenue limit as prescribed in section 15-961 for the
9 educational system established pursuant to section 41-2831, except that:

10 1. Notwithstanding section 15-901:

11 (a) The student count shall be determined using the following
12 definitions:

13 (i) "Daily attendance" means days in which a pupil attends an
14 educational program for a minimum of two hundred forty minutes not including
15 meal and recess periods. Attendance for one hundred twenty or more minutes
16 but fewer than two hundred forty minutes shall be counted as one-half day's
17 attendance.

18 (ii) "Fractional student" means a pupil enrolled in an educational
19 program of one hundred twenty or more minutes but fewer than two hundred
20 forty minutes a day not including meal and recess periods. A fractional
21 student shall be counted as one-half of a full-time student.

22 (iii) "Full-time student" means a pupil enrolled in an educational
23 program for a minimum of two hundred forty minutes a day not including meal
24 and recess periods.

25 (b) "Seriously emotionally disabled pupils enrolled in a school
26 district program as provided in section 15-765" includes seriously
27 emotionally disabled pupils enrolled in the department of juvenile
28 corrections school system.

29 2. All pupils shall be counted as if they were enrolled in grades nine
30 through twelve.

31 3. The teacher experience index is 1.00.

32 4. The base support level shall be calculated using the base level
33 multiplied by 1.0, except that the state educational system for committed
34 youth is also eligible beginning with fiscal year 1992-1993 for additional
35 teacher compensation monies as specified in section 15-952.

36 5. Section 15-943, paragraph 1 does not apply.

37 B. The superintendent may use sections 15-855, ~~15-942~~ and 15-948 in
38 making the calculations prescribed in subsection A of this section, except
39 that for the 1992-1993 fiscal year rapid decline shall not be used. The
40 superintendent of the system and the department of education shall prescribe
41 procedures for determining average daily attendance and average daily
42 membership.

43 C. Equalization assistance for the state educational system for
44 committed youth for the budget year is determined by adding the amount of the

1 base support level and the capital outlay revenue limit for the budget year
2 calculated as prescribed in subsection A of this section.

3 D. The state educational system for committed youth shall not receive
4 twenty-five per cent of the equalization assistance unless it is accredited
5 by the north central association of colleges and secondary schools.

6 E. The state education fund for committed youth is established. Fund
7 monies shall be used for the purposes of the state educational system for
8 committed youth, and notwithstanding section 35-173, monies appropriated to
9 the fund shall not be transferred to or used for any program not within the
10 state educational system for committed youth. State equalization assistance
11 for the state educational system for committed youth as determined in
12 subsection A of this section, other state and federal monies received from
13 the department of education for the state educational system for committed
14 youth and monies appropriated for the state educational system for committed
15 youth, except monies appropriated pursuant to subsection F of this section,
16 shall be deposited in the fund. The state treasurer shall maintain separate
17 accounts for fund monies if the separate accounts are required by statute or
18 federal law.

19 F. The department of juvenile corrections may seek appropriations for
20 capital needs for land, buildings and improvements, including repairs and
21 maintenance, required to maintain the state educational system for committed
22 youth.

23 G. The state board of education shall apportion state aid and deposit
24 it, pursuant to sections 35-146 and 35-147, in the state education fund for
25 committed youth in an amount as determined by subsection A of this section.
26 The apportionments shall be as follows:

27 1. On July 1, one-third of the total amount to be apportioned during
28 the fiscal year.

29 2. On October 15, one-twelfth of the total amount to be apportioned
30 during the fiscal year.

31 3. On December 15, one-twelfth of the total amount to be apportioned
32 during the fiscal year.

33 4. On January 15, one-twelfth of the total amount to be apportioned
34 during the fiscal year.

35 5. On February 15, one-twelfth of the total amount to be apportioned
36 during the fiscal year.

37 6. On March 15, one-twelfth of the total amount to be apportioned
38 during the fiscal year.

39 7. On April 15, one-twelfth of the total amount to be apportioned
40 during the fiscal year.

41 8. On May 15, one-twelfth of the total amount to be apportioned during
42 the fiscal year.

43 9. On June 15, one-twelfth of the total amount to be apportioned
44 during the fiscal year.

1 H. In conjunction with the department of administration, the
2 superintendent of the state educational system for committed youth shall
3 establish procedures to account for the receipt and expenditure of state
4 education fund for committed youth monies by modifying the current accounting
5 system used for state agencies as necessary.

6 Sec. 17. Section 15-1372, Arizona Revised Statutes, is amended to
7 read:

8 15-1372. Equalization assistance for state educational system
9 for persons in the state department of corrections;
10 fund

11 A. The state department of corrections shall provide educational
12 services for pupils who are under the age of eighteen years and pupils with
13 disabilities who are age twenty-one or younger who are committed to the state
14 department of corrections. The department of education shall provide
15 technical assistance to the state department of corrections on request and
16 shall assist the state department of corrections in establishing program and
17 personnel standards.

18 B. The state education fund for correctional education is established.
19 Subject to legislative appropriation, fund monies shall be used for the
20 purposes of providing education to pupils as specified in subsection A of
21 this section. Notwithstanding section 35-173, monies appropriated to the
22 fund shall not be transferred to or used for any program not directly related
23 to the educational services required by this section. State equalization
24 assistance, other state and federal monies received from the department of
25 education for which the pupils in correctional education programs qualify and
26 monies appropriated for correctional education except monies appropriated
27 pursuant to subsection C of this section shall be deposited in the fund. The
28 state treasurer shall maintain separate accounts for fund monies if the
29 separate accounts are required by statute or federal law.

30 C. The state department of corrections may seek appropriations for
31 capital needs for land, buildings and improvements, including repairs and
32 maintenance, required to maintain the educational services required by this
33 section.

34 D. The state board of education shall apportion state aid and deposit
35 it, pursuant to sections 35-146 and 35-147, in the state education fund for
36 correctional education in an amount as determined by subsection E of this
37 section. The apportionments are as follows:

38 1. On July 1, one-third of the total amount to be apportioned during
39 the fiscal year.

40 2. On October 15, one-twelfth of the total amount to be apportioned
41 during the fiscal year.

42 3. On December 15, one-twelfth of the total amount to be apportioned
43 during the fiscal year.

44 4. On January 15, one-twelfth of the total amount to be apportioned
45 during the fiscal year.

1 5. On February 15, one-twelfth of the total amount to be apportioned
2 during the fiscal year.

3 6. On March 15, one-twelfth of the total amount to be apportioned
4 during the fiscal year.

5 7. On April 15, one-twelfth of the total amount to be apportioned
6 during the fiscal year.

7 8. On May 15, one-twelfth of the total amount to be apportioned during
8 the fiscal year.

9 9. On June 15, one-twelfth of the total amount to be apportioned
10 during the fiscal year.

11 E. The director of the state department of corrections shall calculate
12 a base support level as prescribed in section 15-943 and a capital outlay
13 revenue limit as prescribed in section 15-961 for the educational services
14 required by this section, except that:

15 1. Notwithstanding section 15-901, the student count shall be
16 determined using the following definitions:

17 (a) "Daily attendance" means days in which a pupil attends an
18 educational program for a minimum of one hundred eighty minutes not including
19 meal and recess periods. Attendance for ninety or more minutes but fewer
20 than one hundred eighty minutes shall be counted as one-half day's
21 attendance.

22 (b) "Fractional student" means a pupil enrolled in an educational
23 program of ninety or more minutes but fewer than one hundred eighty minutes
24 per day not including meal and recess periods. A fractional student shall be
25 counted as one-half of a full-time student.

26 (c) "Full-time student" means a pupil enrolled in an educational
27 program for a minimum of one hundred eighty minutes per day not including
28 meal and recess periods.

29 (d) "Pupil with a disability" has the same meaning as child with a
30 disability prescribed in section 15-761.

31 2. All pupils shall be counted as if they were enrolled in grades nine
32 through twelve.

33 3. The teacher experience index is 1.00.

34 4. The calculation for additional teacher compensation monies as
35 prescribed in section 15-952 is available.

36 5. Section 15-943, paragraph 1 does not apply.

37 6. The base support level and capital outlay amounts calculated
38 pursuant to this section shall be multiplied by 0.67.

39 7. The school year shall consist of a period of not less than two
40 hundred eight days.

41 F. The director of the state department of corrections may use
42 sections 15-855, ~~15-942~~ and 15-948 in making the calculations prescribed in
43 subsection E of this section. The director of the state department of
44 corrections and the department of education shall prescribe procedures for
45 calculating average daily attendance and average daily membership.

1 G. Equalization assistance for correctional education programs
 2 provided for those pupils specified in subsection A of this section is
 3 determined by adding the amount of the base support level and the capital
 4 outlay revenue limit for the budget year calculated as prescribed in
 5 subsection E of this section.

6 H. The director of the state department of corrections shall keep
 7 records and provide information as the department of education requires to
 8 determine the appropriate amount of equalization assistance. Equalization
 9 assistance shall be used to provide educational services in this section.

10 I. The department of education and the state department of corrections
 11 shall enter into an intergovernmental agreement that establishes the
 12 necessary accountability between the two departments regarding the
 13 administrative and funding requirements contained in subsections A and B of
 14 this section. The agreement shall:

15 1. Provide for appropriate education to all committed youths as
 16 required by state and federal law.

17 2. Provide financial information to meet requirements for equalization
 18 assistance.

19 3. Provide for appropriate pupil intake and assessment procedures.

20 4. Require pupil performance assessment and the reporting of results.

21 Sec. 18. Section 15-2031, Arizona Revised Statutes, is amended to
 22 read:

23 15-2031. Building renewal fund; definitions

24 A. A building renewal fund is established consisting of monies
 25 appropriated by the legislature. The school facilities board shall
 26 administer the fund and distribute monies to school districts for the purpose
 27 of maintaining the adequacy of existing school facilities. Monies in the
 28 fund ~~are continuously appropriated and~~ are exempt from the provisions of
 29 section 35-190 relating to lapsing of appropriations.

30 B. The school facilities board shall inventory and inspect all school
 31 buildings in this state in order to develop a database to administer the
 32 building renewal formula. The database shall include the student capacity of
 33 the building as determined by the school facilities board. The board shall
 34 distribute monies from the building renewal fund to school districts in an
 35 amount computed pursuant to subsection I of this section **BASED ON THE AMOUNT**
 36 **APPROPRIATED AND MAY BE APPORTIONED**. A school district that receives monies
 37 from the building renewal fund shall use the monies first for any projects
 38 that fall below the minimum school facility adequacy guidelines, as adopted
 39 by the school facilities board pursuant to section 15-2011, and that are part
 40 of any buildings in the database and second for any other projects that are
 41 part of any buildings owned by the school district for any of the following:

42 1. Major renovations and repairs of a building.

43 2. Upgrading systems and areas that will maintain or extend the useful
 44 life of the building.

45 3. Infrastructure costs.

1 4. Relocation and placement of portable and modular buildings.

2 C. Monies received from the building renewal fund shall be used for
3 primary projects, unless only secondary projects exist.

4 D. Notwithstanding subsections B and C of this section, school
5 districts shall use building renewal monies on secondary projects to comply
6 with building, health, fire or safety codes. Before spending building
7 renewal monies on secondary projects to comply with building, health, fire or
8 safety codes, the school facilities board shall approve the projects.

9 E. Monies received from the building renewal fund shall not be used
10 for any of the following purposes:

11 1. New construction.

12 2. Remodeling interior space for aesthetic or preferential reasons.

13 3. Exterior beautification.

14 4. Demolition.

15 5. The purchase of soft capital items pursuant to section 15-962,
16 subsection D.

17 6. Routine maintenance except as provided in section 15-2002,
18 subsection K and subsection L of this section.

19 F. The school facilities board shall maintain the building renewal
20 database and use the database for the computation of the building renewal
21 formula distributions. The board shall ensure that the database is updated
22 on at least an annual basis to reflect changes in the ages and value of
23 school buildings. The facilities listed in the database shall include only
24 those buildings that are owned by school districts that are required to meet
25 academic standards. Each school district shall report to the school
26 facilities board no later than September 1 of each year the number and type
27 of school buildings owned by the district, the square footage of each
28 building, the age of each building, the nature of any renovations completed
29 and the cost of any renovations completed. The school facilities board may
30 review or audit, or both, to confirm the information submitted by a school
31 district. The board shall adjust the age of each school facility in the
32 database whenever a building is significantly upgraded or remodeled. The age
33 of a building that has been significantly upgraded or remodeled shall be
34 recomputed as follows:

35 1. Divide the cost of the renovation by the building capacity value of
36 the building determined in subsection I, paragraph 3 of this section.

37 2. Multiply the quotient determined in paragraph 1 of this subsection
38 by the currently listed age of the building in the database.

39 3. Subtract the product determined in paragraph 2 of this subsection
40 from the currently listed age of the building in the database, rounded to the
41 nearest whole number. If the result is negative, use zero.

42 G. The school facilities board shall submit an annual report to the
43 president of the senate, the speaker of the house of representatives, the
44 Arizona state library, archives and public records and the governor by
45 October 1 that includes the computation of the amount of monies to be

1 distributed from the building renewal fund for the current fiscal year. The
2 joint committee on capital review shall review the school facilities board's
3 calculation of the building renewal fund distributions. After the joint
4 committee on capital review reviews the distributions computed by the school
5 facilities board, the school facilities board shall distribute the monies
6 from the building renewal fund to school districts in two equal installments
7 in November and May of each year.

8 H. School districts that receive monies from the building renewal fund
9 shall establish a district building renewal fund and shall use the monies in
10 the district building renewal fund only for the purposes prescribed in
11 subsection B of this section. Ending cash balances in a school district's
12 building renewal fund may be used in following fiscal years for building
13 renewal pursuant to subsection B of this section. By October 15 of each
14 year, each school district shall report to the school facilities board the
15 projects funded at each school in the previous fiscal year with monies from
16 the district building renewal fund, including the amount of expenditures
17 dedicated to primary projects and to secondary projects. On receipt of these
18 reports, the school facilities board shall forward this information to the
19 joint legislative budget committee staff and the governor's office of
20 strategic planning and budgeting staff. Each school district shall also
21 report to the school facilities board an accounting of the monies remaining
22 in the district building renewal fund at the end of the previous fiscal year
23 and a comprehensive three year plan that details the proposed use of building
24 renewal monies. If a school district fails to submit the report by October
25 15, the school facilities board shall withhold building renewal monies from
26 the school district until the school facilities board determines that the
27 school district has complied with the reporting requirement. When the school
28 facilities board determines that the school district has complied with the
29 reporting requirement, the school facilities board shall restore the full
30 amount of withheld building renewal monies to the school district.

31 I. Notwithstanding any other provision of this chapter, if a school
32 district converts space that is listed in the database maintained pursuant to
33 this section to space that will be used for administrative purposes, the
34 school district is responsible for any costs associated with the conversion,
35 maintenance and replacement of that space. The building renewal amount for
36 each school building shall be computed as follows:

37 1. Divide the age of the building as computed pursuant to subsection F
38 of this section by one thousand two hundred seventy-five or, in the case of
39 modular or portable buildings, by two hundred ten.

40 2. Multiply the quotient determined in paragraph 1 of this subsection
41 by 0.67.

42 3. Determine the building capacity value as follows:

43 (a) Multiply the student capacity of the building by the per student
44 square foot capacity established by section 15-2041.

1 (b) Multiply the product determined in subdivision (a) by the cost per
2 square foot established by section 15-2041.

3 4. Multiply the product determined in paragraph 2 of this subsection
4 by the product determined in paragraph 3, subdivision (b) of this subsection.

5 J. If the school facilities board determines that a school district
6 has spent monies from the building renewal fund for purposes other than those
7 prescribed in subsection B of this section, the school facilities board shall
8 notify the superintendent of public instruction. Notwithstanding any other
9 law, the superintendent of public instruction shall withhold a corresponding
10 amount from the monies that would otherwise be due the school district under
11 the capital outlay revenue limit until these monies are repaid.

12 K. Beginning on July 1, 2002, a school district is not entitled to
13 receive monies from the building renewal fund for any buildings that are to
14 be replaced with new buildings that are funded with deficiencies corrections
15 monies. The replacement buildings are not eligible to receive building
16 renewal funding until the fiscal year following the completion of the
17 building.

18 L. Notwithstanding subsections B and E of this section, a school
19 district may use eight per cent of the building renewal amount computed
20 pursuant to subsection I of this section for routine preventative
21 maintenance. The board, after consultation with maintenance specialists in
22 school districts, shall provide examples of recommended services that are
23 routine preventative maintenance.

24 M. A school district that uses building renewal monies for routine
25 preventative maintenance shall use the building renewal monies to supplement
26 and not supplant expenditures from other funds for the maintenance of school
27 buildings. The auditor general shall prescribe a method for determining
28 compliance with the requirements of this subsection. A school district, in
29 connection with any audit conducted by a certified public accountant, shall
30 also contract for an independent audit to determine whether the school
31 district used building renewal monies to reduce the school district's
32 existing level of routine preventative maintenance funding. The auditor
33 general may conduct discretionary reviews of a school district that is not
34 required to contract for an independent audit.

35 N. For the purposes of this section:

36 1. "Primary projects" means projects that are necessary for buildings
37 owned by school districts that are required to meet the academic standards
38 listed in the database maintained pursuant to subsection F of this section
39 and that fall below the minimum school facility adequacy guidelines, as
40 adopted by the school facilities board pursuant to section 15-2011.

41 2. "Routine preventative maintenance" means services that are
42 performed on a regular schedule at intervals ranging from four times a year
43 to once every three years and that are intended to extend the useful life of
44 a building system and reduce the need for major repairs.

1 3. "Secondary projects" means all projects that are not primary
2 projects.

3 4. "Student capacity" has the same meaning prescribed in section
4 15-2011.

5 Sec. 19. Section 15-2104, Arizona Revised Statutes, is amended to
6 read:

7 15-2104. Impact aid revenue bond building and debt service
8 funds

9 A. If a school district issues impact aid revenue bonds under this
10 article, the governing board shall establish:

11 1. An impact aid revenue bond building fund consisting of the net
12 proceeds received from the sale of the bonds. The fund shall be a continuing
13 fund that is not subject to reversion.

14 2. An impact aid revenue bond debt service fund consisting of monies
15 received by the school district from impact aid revenues.

16 B. Monies in the impact aid revenue bond building fund and the impact
17 aid revenue bond debt service fund may be used only for the purposes
18 authorized by this article.

19 C. The school district shall provide the county treasurer with an
20 impact aid revenue bond debt service schedule. The county treasurer shall
21 keep an account of all school district debt service funds that shows the
22 school district to which each fund belongs. The county treasurer shall
23 credit to the impact aid revenue bond debt service fund an amount from impact
24 aid revenues equal to the principal and interest that will become due on the
25 impact aid revenue bonds during the current year. The treasurer shall
26 receive and credit any interest or income earned by the debt service fund.

27 D. Notwithstanding any other provision in this article, the annual
28 payment of principal and interest on impact aid revenue bonds each year shall
29 not exceed seventy-five per cent of the net impact aid revenues of the school
30 district for the current year. For the purposes of this subsection, "net
31 impact aid revenues" ~~mean~~ MEANS impact aid revenues for the year after
32 deducting the sum of the following amounts:

33 1. The amount of any increase in the school district's general budget
34 limit pursuant to section 15-905, subsections K, O and P.

35 2. The amount necessary to fund any budget override adopted pursuant
36 to section 15-481, subsection F, ~~J~~ or ~~M~~ J.

37 3. The amount that would be produced by levying the applicable
38 qualifying tax rate as provided in section 15-971, subsection B, minus the
39 amount levied for primary school district taxes for the year pursuant to
40 section 15-992, except that if the result is a negative number, ~~use~~ THE
41 AMOUNT IS zero.

1 Sec. 20. Section 41-1276, Arizona Revised Statutes, is amended to
2 read:

3 41-1276. Truth in taxation levy for equalization assistance to
4 school districts

5 A. On or before February 15 of each year, the joint legislative budget
6 committee shall compute and transmit the truth in taxation rates for
7 equalization assistance for school districts for the following fiscal year
8 to:

9 1. The chairmen of the house of representatives ways and means
10 committee and the senate finance committee or their successor committees.

11 2. The chairmen of the appropriations committees of the senate and the
12 house of representatives or their successor committees.

13 B. The truth in taxation rates consist of the qualifying tax rate for
14 a high school district or a common school district within a high school
15 district that does not offer instruction in high school subjects pursuant to
16 section 15-971, subsection B, paragraph 1, a qualifying tax rate for a
17 unified district, a common school district not within a high school district
18 or a common school district within a high school district that offers
19 instruction in high school subjects pursuant to section 15-971, subsection B,
20 paragraph 2 and a state equalization assistance property tax rate pursuant to
21 section 15-994 that will offset the change in net assessed valuation of
22 property that was subject to tax in the prior year.

23 C. The joint legislative budget committee shall compute the truth in
24 taxation rates as follows:

25 1. Determine the statewide primary net assessed value for the
26 preceding tax year as provided in section 42-17151, subsection A,
27 paragraph 3.

28 2. Determine the statewide primary net assessed value for the current
29 tax year, excluding the net assessed value of property that was not subject
30 to tax in the preceding year.

31 3. Divide the amount determined in paragraph 1 of this subsection by
32 the amount determined in paragraph 2 of this subsection.

33 4. Adjust the qualifying tax rates and the state equalization
34 assistance property tax rate for the current fiscal year by the percentage
35 determined in paragraph 3 of this subsection in order to offset the change in
36 net assessed value.

37 D. Except as provided in subsections E and G of this section, the
38 qualifying tax rate for a high school district or a common school district
39 within a high school district that does not offer instruction in high school
40 subjects, the qualifying tax rate for a unified school district, a common
41 school district not within a high school district or a common school district
42 within a high school district that offers instruction in high school subjects
43 and the state equalization assistance property tax rate for the following
44 fiscal year shall be the rate determined by the joint legislative budget
45 committee pursuant to subsection C of this section. The committee shall

1 transmit the rates to the superintendent of public instruction and the county
2 boards of supervisors by March 15 each year.

3 E. If the legislature proposes either qualifying tax rates or a state
4 equalization assistance property tax rate that exceeds the truth in taxation
5 rate:

6 1. The house of representatives ways and means committee and the
7 senate finance committee or their successor committees shall hold a joint
8 hearing on or before February 28 and publish a notice of a truth in taxation
9 hearing that meets the following requirements:

10 (a) The notice shall be published twice in a newspaper of general
11 circulation in this state that is published at the state capital. The first
12 publication shall be at least fourteen but not more than twenty days before
13 the date of the hearing. The second publication shall be at least seven but
14 not more than ten days before the date of the hearing.

15 (b) The notice shall be published in a location other than the
16 classified or legal advertising section of the newspaper.

17 (c) The notice shall be at least one-fourth page in size and shall be
18 surrounded by a solid black border at least one-eighth inch in width.

19 (d) The notice shall be in the following form, with the "truth in
20 taxation hearing - notice of tax increase" headline in at least eighteen
21 point type:

22 Truth in Taxation Hearing

23 Notice of Tax Increase

24 In compliance with section 41-1276, Arizona Revised
25 Statutes, the state legislature is notifying property taxpayers
26 in Arizona of the legislature's intention to raise the property
27 tax levy over last year's level.

28 The proposed tax increase will cause the taxes on a
29 \$100,000 home to increase by \$_____.

30 All interested citizens are invited to attend a public
31 hearing on the tax increase that is scheduled to be held
32 _____ (date and time) at _____ (location).

33 (e) For purposes of computing the tax increase on a one hundred
34 thousand dollar home as required by the notice, the joint meeting of the
35 house of representatives ways and means committee and the senate finance
36 committee or their successor committees shall consider the difference between
37 the truth in taxation rate and the proposed increased rate.

38 2. The joint meeting of the house of representatives ways and means
39 committee and the senate finance committee or their successor committees
40 shall consider any motion to recommend the proposed tax rates to the full
41 legislature by roll call vote.

42 F. In addition to publishing the truth in taxation notice under
43 subsection E, paragraph 1 of this section, the joint meeting of the house of
44 representatives ways and means committee and the senate finance committee or

1 their successor committees shall issue a press release containing the truth
2 in taxation notice.

3 G. Notwithstanding any other law, the legislature shall not adopt a
4 state budget that provides for either qualifying tax rates pursuant to
5 section 15-971 or a state equalization assistance property tax rate pursuant
6 to section 15-994 that exceeds the truth in taxation rates computed pursuant
7 to subsection A of this section unless the rates are adopted by a concurrent
8 resolution approved by an affirmative roll call vote of two-thirds of the
9 members of each house of the legislature before the legislature enacts the
10 general appropriations bill. If the resolution is not approved by two-thirds
11 of the members of each house of the legislature, the rates for the following
12 fiscal year shall be the truth in taxation rates determined pursuant to
13 subsection C of this section and shall be transmitted to the superintendent
14 of public instruction and the county boards of supervisors.

15 H. Notwithstanding subsection C of this section and if approved by the
16 qualified electors voting at a statewide general election, the legislature
17 shall not set a qualifying tax rate that exceeds \$2.1265 for a common or high
18 school district or \$4.253 for a unified school district. The legislature
19 shall not set a county equalization assistance for education rate that
20 exceeds \$0.5123.

21 I. Pursuant to subsection C of this section, the qualifying tax rate
22 in tax year ~~2007~~ 2008 for a high school district or a common school district
23 within a high school district that does not offer instruction in high school
24 subjects as provided in section 15-447 is ~~\$1.6020~~ \$1.4622 and for a unified
25 school district, a common school district not within a high school district
26 or a common school district within a high school district that offers
27 instruction in high school subjects as provided in section 15-447 is ~~\$3.2040~~
28 \$2.9244. The state equalization assistance property tax rate in tax years
29 2006, 2007 and 2008 is zero. The state equalization assistance property tax
30 rate in tax year 2009 shall be computed by annually adjusting the tax year
31 2005 rate of \$0.4358 as provided by this section through tax year 2009.

32 Sec. 21. Laws 2008, chapter 53, section 24 is amended to read:

33 Sec. 24. Reduction in school district state aid apportionment;
34 fiscal year 2007-2008

35 A. Notwithstanding any other law, the state board of education shall
36 defer until August 1, 2008 ~~\$272,000,000~~ \$322,000,000 of the basic state aid
37 and additional state aid payment that otherwise would be apportioned to
38 school districts under that law on June 15, 2008.

39 B. The funding deferral required by this section does not apply to
40 charter schools.

41 Sec. 22. Laws 2008, chapter 53, section 25 is amended to read:

42 Sec. 25. Appropriations; school districts; disbursements

43 A. The sum of ~~\$272,000,000~~ \$322,000,000 is appropriated in fiscal year
44 2008-2009 from the state general fund to the state board of education and
45 superintendent of public instruction for basic state aid and additional state

aid entitlement for fiscal year 2008-2009. This appropriation shall be disbursed on August 1, 2008 to the several counties for the school districts in each county in amounts equal to the reductions in apportionment of basic state aid and additional state aid that are required pursuant to section ~~23~~ 24 of this act for fiscal year 2007-2008.

B. The sum of ~~\$627,700~~ \$743,100 is appropriated in fiscal year 2008-2009 from the state general fund to the state board of education and the superintendent of public instruction for any costs to school districts that may be associated with the reductions in apportionment of basic state aid and additional state aid for fiscal year 2007-2008 that are required pursuant to section ~~23~~ 24 of this act. This appropriation shall be disbursed on August 1, 2008 to the several counties for the school districts in each county and shall be allocated based on the per cent of the total ~~\$272,000,000~~ \$322,000,000 deferred payment for fiscal year 2007-2008 that is attributable to each individual school district.

C. Notwithstanding any provision of law, for fiscal year 2008-2009, if the governing board of a school district incurred interest expenses for registering warrants in fiscal year 2007-2008 or expects to incur interest expenses for registering warrants in fiscal year 2008-2009 pursuant to section ~~23~~ 24 of this act, the governing board may budget an estimated amount for those interest expenses. Any such amount is specifically exempt from the revenue control limit in fiscal year 2008-2009. If the budgeted estimate amount is greater than the amount received pursuant to subsection B of this section, the governing board shall not expend more than the amount received pursuant to subsection B of this section. If the budgeted estimate amount is less than the amount received pursuant to subsection B of this section, the governing board may revise its budget during fiscal year 2008-2009 to include the actual amount received pursuant to subsection B of this section and shall not expend more than the amount received pursuant to subsection B of this section.

Sec. 23. Desegregation budget; limit

Notwithstanding section 15-910, Arizona Revised Statutes, the maximum amount that a school district may budget for desegregation activities for fiscal year 2008-2009 shall be the amount that is budgeted for desegregation activities for fiscal year 2007 2008.

Sec. 24. Career ladder programs; inflation increase; offset

Notwithstanding section 15-918.04, Arizona Revised Statutes, in fiscal year 2008-2009 the department of education shall subtract from the base support level of each school district that participates in the career ladder program an amount equal to two per cent of the base support level increase that it otherwise would receive pursuant to that section.

Sec. 25. Joint technological education district equalization funding; pro rata reduction

A. Notwithstanding section 15-393, Arizona Revised Statutes, as amended by this act, or any other law, the department of education shall fund

1 state aid for joint technological education districts for fiscal year
2 2008-2009 at ninety-one per cent of the amount that otherwise would be
3 provided by law.

4 B. Notwithstanding subsection A of this section, a joint technological
5 education district shall not receive less equalization formula funding for
6 fiscal year 2008-2009 than it received for fiscal year 2007-2008 except for
7 reductions due to changes in student counts, net assessed property values or
8 other technical factors or due to prior year adjustments or corrections. For
9 the purposes of this subsection, "equalization formula funding" means the sum
10 of a joint technological education district's base support level, as
11 prescribed in section 15-943.02, Arizona Revised Statutes, and its capital
12 outlay revenue limit and soft capital allocation, as prescribed in section
13 15-962.01, Arizona Revised Statutes.

14 Sec. 26. Reduction in school district state aid apportionment;
15 fiscal year 2008-2009; appropriations in fiscal year
16 2009-2010

17 A. Notwithstanding any other law, the state board of education shall
18 defer until August 1, 2009 \$322,000,000 of the basic state aid and additional
19 state aid payment that otherwise would be apportioned to school districts
20 under law on June 15, 2009. The funding deferral required by this subsection
21 does not apply to charter schools.

22 B. The sum of \$322,000,000 is appropriated in fiscal year 2009-2010
23 from the state general fund to the state board of education and the
24 superintendent of public instruction for basic state aid and additional state
25 aid entitlement for fiscal year 2009-2010. This appropriation shall be
26 disbursed on August 1, 2009 to the several counties for the school districts
27 in each county in amounts equal to the reductions in apportionment of basic
28 state aid and additional state aid that are required pursuant to subsection A
29 for fiscal year 2008-2009.

30 C. The sum of \$743,100 is appropriated in fiscal year 2009-2010 from
31 the state general fund to the state board of education and the superintendent
32 of public instruction for any costs to school districts that may be
33 associated with the reductions in apportionment of basic state aid and
34 additional state aid for fiscal year 2008-2009 that are required pursuant to
35 subsection A. This appropriation shall be disbursed on August 1, 2009 to the
36 several counties for the school districts in each county and shall be
37 allocated based on the per cent of the total \$322,000,000 deferred payment
38 for fiscal year 2008-2009 that is attributable to each individual school
39 district.

40 D. Notwithstanding any provision of law, for fiscal year 2009-2010, if
41 the governing board of a school district incurred interest expenses for
42 registering warrants in fiscal year 2008-2009 or expects to incur interest
43 expenses for registering warrants in fiscal year 2009-2010 pursuant to
44 subsection A, the governing board may budget an estimated amount for those
45 interest expenses. Any such amount is specifically exempt from the revenue

control limit in fiscal year 2009-2010. If the budgeted estimate amount is greater than the amount received pursuant to subsection C, the governing board shall not expend more than the amount received pursuant to subsection C. If the budgeted estimate amount is less than the amount received pursuant to subsection C, the governing board may revise its budget during fiscal year 2009-2010 to include the actual amount received pursuant to subsection C and shall not expend more than the amount received pursuant to subsection C.

E. School districts shall include in the revenue estimates that they use for computing their tax rates for fiscal year 2008-2009 the monies that they will receive pursuant to subsection C.

Sec. 27. Audits; average daily membership

For fiscal year 2008-2009, the department of education or the office of the auditor general may conduct average daily membership audits of school districts and charter schools.

Sec. 28. New construction moratorium

A. Notwithstanding sections 15-2011 and 15-2041, Arizona Revised Statutes, for fiscal year 2008-2009, the school facilities board shall not authorize or award funding for the design or construction of any new school facility. Additionally in fiscal year 2008-2009, the school facilities board shall not authorize or award funding for school site acquisitions.

B. During fiscal year 2008-2009, school districts shall submit capital plans according to section 15-2041, subsection C, Arizona Revised Statutes. The school facilities board may review and award new school facilities as outlines in section 15-2041, Arizona Revised Statutes, subject to future appropriations.

Sec. 29. School facilities board lease-to-own

Notwithstanding section 15-2004, subsection M, section 15-2005, subsection M and section 15-2006, Arizona Revised Statutes, the school facilities board shall enter into lease-to-own transactions for up to a maximum of \$501,000,000 in fiscal year 2008-2009. Of this amount, \$318,000,000 shall be recouped from fiscal year 2007-2008 expenditures. The lease-to-own transactions shall not mature at any time after ten years from the date of the transaction and shall not prohibit early repayment.

Sec. 30. Grant; union high school district; capital facilities

Notwithstanding any other law, the school facilities board shall distribute \$3,000,000 from the building renewal fund to a school district to fund capital facilities costs if the school district meets all of the following criteria:

1. The school district applied for emergency deficiencies funding provided by section 15-2022, Arizona Revised Statutes, prior to June 30, 2008 for existing facilities and the school facilities board denied the request.

2. The school district is a union high school district that is located in a county with a population that exceeds one million five hundred thousand persons.

1 3. The school district's student count for the 2006-2007 school year
2 was more than twelve thousand five hundred pupils and less than fourteen
3 thousand pupils.

4 4. The school district will combine the grant amount pursuant to this
5 subsection with other capital monies to fund the project.

6 Sec. 31. Building renewal fund appropriation

7 Notwithstanding section 15-2031, Arizona Revised Statutes, as amended
8 by this act, the appropriation from the state general fund to the building
9 renewal fund for fiscal year 2008-2009 shall be as specified in the general
10 appropriations act.

11 Sec. 32. Savings clause

12 A. This act does not affect any special budget overrides pursuant to
13 section 15-482, Arizona Revised Statutes, as repealed by this act, that were
14 approved by the qualified electors of a school district before the effective
15 date of this act. Special budget overrides pursuant to section 15-482,
16 Arizona Revised Statutes, as repealed by this act, that were approved by the
17 qualified electors of a school district before the effective date of this act
18 shall continue for the duration previously authorized by the qualified
19 electors or until the qualified electors of the school district subsequently
20 approve a budget increase in an amount not to exceed fifteen per cent of the
21 revenue control limit as prescribed in section 15-481, subsection G, Arizona
22 Revised Statutes, as amended by this act, whichever occurs first.

23 B. Beginning on the effective date of this act, no school district may
24 conduct an election after the effective date of this act to submit a request
25 to the qualified electors of a school district to approve a special budget
26 override pursuant to section 15-482, Arizona Revised Statutes, as repealed by
27 this act, or submit a request to the qualified electors of a school district
28 to approve the extension of a previously authorized special budget override
29 pursuant to section 15-482, Arizona Revised Statutes, as repealed by this
30 act.

31 Sec. 33. Override election procedures for fiscal year 2008-2009

32 Notwithstanding any other law, for fiscal year 2008-2009:

33 1. A school district may conduct an election on the second Tuesday in
34 March 2009 to submit a proposed budget increase to the qualified electors in
35 an amount not to exceed fifteen per cent of the revenue control limit as
36 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
37 amended by this act. Override elections conducted in subsequent fiscal years
38 shall be as prescribed by statute. If a fifteen per cent increase is
39 approved by the qualified electors of the school district, the fifteen per
40 cent increase shall replace any previously authorized increases approved by
41 the qualified electors pursuant to section 15-481, subsection E or F, Arizona
42 Revised Statutes, as amended by this act, and section 15-482, Arizona Revised
43 Statutes, as repealed by this act.

44 2. If the qualified electors in a school district approve a proposed
45 budget increase in an amount not to exceed ten per cent of the revenue

1 control limit in an election conducted on the first Tuesday in November 2008,
2 a school district may subsequently conduct an election on the second Tuesday
3 in March 2009 to submit a proposed budget increase to the qualified electors
4 in an amount not to exceed an additional five per cent of the revenue control
5 limit. Override elections conducted in subsequent fiscal years shall be as
6 prescribed by statute.

7 3. If the qualified electors of a common school district have
8 approved both a budget increase that is still in effect on the effective date
9 of this act pursuant to section 15-481, subsection E or F, Arizona Revised
10 Statutes, as amended by this act, and a budget increase that is still in
11 effect on the effective date of this act pursuant to section 15-482, Arizona
12 Revised Statutes, as repealed by this act, the common school district may
13 call an election on the second Tuesday in March 2009 to submit a proposed
14 budget increase to the qualified electors in an amount not to exceed
15 seventeen per cent of the revenue control limit. If a seventeen per cent
16 increase is approved by the qualified electors of the school district, the
17 seventeen per cent increase shall replace any previously authorized increases
18 approved by the qualified electors pursuant to section 15-481, subsection E
19 or F, Arizona Revised Statutes, as amended by this act, and section 15-482,
20 Arizona Revised Statutes, as repealed by this act. If approved by the
21 qualified electors, the common school district may continue to budget the
22 amount not to exceed seventeen per cent of the revenue control limit for the
23 remaining number of years of the override previously approved pursuant to
24 section 15-482, Arizona Revised Statutes, as repealed by this act. On the
25 expiration of the override previously approved pursuant to section 15-482,
26 Arizona Revised Statutes, as repealed by this act, override elections
27 conducted in subsequent fiscal years shall be as prescribed by statute.

28 Sec. 34. Emergency

29 This act is an emergency measure that is necessary to preserve the
30 public peace, health or safety and is operative immediately as provided by
31 law.